

has told me that in his province there is a similar law in effect which is functioning extremely well.

Mr. CASGRAIN: That is in the province of Ontario.

Mr. LETELLIER: Yes, in Ontario.

Mr. ROBB: My hon. friend asked what changes were made in the bill in the Senate. There were some changes made of a minor character which perhaps rather improved it. But the main change made was this: If hon. gentlemen will refer to clause 7, near the top of page 5 of the bill, they will see it is provided that the interest "shall be sufficient, in the judgment of the board, to provide for the expenses of operation not exceeding one per cent of the amount of the loan." The Senate cut out the words "not exceeding one per cent of the amount of the loan."

Mr. CLARK: I regret that the minister has not paid some attention to that particular amendment of the Senate. He would be well advised to do so at this stage, because I think if he investigates he will find that it is impossible to administer the act and provide for reserves on a one per cent margin. In the first place he could not provide for reserves if the whole of the one per cent were devoted to that purpose, but the attempt to provide for administration and reserves to meet losses with one per cent is really an impossibility; it cannot be done. Why then pass a law to provide for a thing which is impossible?

Mr. WARD: Is the hon. member aware that there is at least one large farm loan organization in Canada that has been doing it, and has been paying overhead charges, and so forth, and the rate has never exceeded one per cent?

Mr. CLARK: How long has it been running?

Mr. WARD: Seven years.

Mr. CLARK: I would submit, Mr. Chairman, that if an investigation were made it would be found that in no place in the world has such a thing been achieved, and that no company could provide for losses alone on a one per cent margin. One per cent certainly does not meet the administration charges of any company that I have ever heard of, and I think an investigation in the Finance department—I believe particulars will be found in the Insurance department publications—will show that one per cent will not begin to meet administration charges and overhead. In my opinion it is impossible to provide for reserves with such a margin.

Mr. WARD: What would the hon. member consider is required to provide for the losses to which he refers?

Mr. CLARK: I am not putting myself forward as an expert to state what percentage should be provided. The department ought to be in the best position to investigate the problem of overhead and the amount required to provide for reserves. I would not arbitrarily fix any figure. I know that one per cent will not cover it. I suggest that the minister is simply inviting further interference with this bill after it has been passed out of this House. Seeing that the question was raised by an amendment of last year, why not study the suggestion of the Senate and try to meet the situation so that we shall not have these bills emasculated when they leave this House?

Mr. COOTE: The effectiveness of this bill in meeting the needs of Canadian farmers is going to depend largely on whether this one per cent is to be maintained or not. We must keep down the interest rate to the farmers who want to borrow money under the scheme, and if the rate is not held very close to one per cent over the rate paid on the bonds of the Board, I do not think the scheme will be effective in providing the farmers with money at a rate which they can afford to pay. Perhaps it will allay the fears of my hon. friend if he learns that the long term farm loan system in the United States has been operating on this basis of one per cent. They have made ample provision for any losses, taken care of all their administration expenses and in a period of years have repaid to the federal government I think nearly 90 per cent of the money which was advanced by the government to start this scheme.

Mr. CLARK: How long has it been operating?

Mr. COOTE: Since about the year 1916.

Mr. FANSHER (Last Mountain): It was considered in the grain business that one cent per bushel was required by all commission firms for operating expenses. When the wheat pool came into existence in western Canada they found that they could operate on less than one-half of one cent per bushel because by mass operation, just the same as by mass production, they were able to cut down the overhead. I would suggest to the hon. member for Vancouver-Burrard that that can easily be taken care of by the volume of business which we hope to set up by this scheme.