

*Farm Credit Act*

course, has been brought about by very substantial investment and the expansion of credit.

It is fair to say that in the riding I represent ownership of a general farm represents an investment of \$50,000 to \$60,000. Therefore it is abundantly clear that agriculture must advance on the basis of expanding credit and this leads logically and compellingly to the conclusion that, apart from the inherent qualities and natural fertility of the soil, credit is the greatest single factor in increasing the productivity of the soil in this country.

But what are the returns that the farmers are reaping from this great investment? Notwithstanding the gloss put on the situation by the hon. member for Moose Jaw-Lake Centre and the hon. member for Acadia, I would point out what the brief filed by the Canadian Federation of Agriculture before the royal commission on banking and finance has to say on the subject of farm income. On page 8 there is the following:

—even ignoring the very good years, relatively, of 1950 and 1951 aggregate net farm income today is running at lower levels than those of 6, 12 or 15 years ago.

As I indicated, is it reasonable to ask a farmer facing an investment of \$50,000 to \$60,000 and with an average net income in eastern Canada of \$2,666 to be able to save sufficient capital, to set aside some earnings for his old age and to maintain his family on a proper standard of living and still have sufficient credit to expand his farm? Time and time again hon. members in all quarters of the house have said that they are interested in the family farm. I would point out, as does the brief filed by the Canadian Federation of Agriculture, that while the family farm is still the most desirable unit in our country, 30 to 40 per cent of the income of family farms is still coming from outside the farm.

This leads me to the very nub of the point made rather eloquently and admirably by my colleague, the hon. member for Assiniboia, and which has escaped the attention of every hon. member on the other side of the house. As I understood him, he put this proposition to the Minister of Agriculture. He said that the act in its present scope is not wide enough. He pointed out that the act is designed to help farmers make their farms into economic units but that it neglects those with a lower standard of living who are most urgently in need of credit. Therefore I would earnestly ask the Minister of Agriculture to re-examine the act in order that those who are on the bottom rung of the ladder will at least be given the credit they need so that they can move up a rung or two toward a better standard of living.

I come now to the very bedrock of the submission I wish to make to the house. What is happening to those who are not getting credit from the Farm Credit Corporation? They are being driven into contractual ways of obtaining the credit. This is leading to what we call vertical integration, as is well known to many members of the house. This is what happens. The farmer who is denied credit by the Farm Credit Corporation has to turn to large corporations or private individuals and he enters into a contract with them whereby they advance him credit by giving him poultry or animals and also supplying him with feed. There may be two or three parties to this contract and one of the creditors may buy from the farmer what he produces at a rate set out in the contract.

I believe that the disadvantages under which the farmer labours under these circumstances are manifest to all hon. members. In the first place, the farmer loses the right to exercise his independent judgment because he is bound hand and foot under the contract—and the independent judgment of our farmers has been one of the greatest assets this country has ever known. The other great drawback is that nowhere in these contracts is the interest rate spelled out that the farmer is being charged for credit. I have examined dozens of these contracts and the interest rates are never mentioned but are conveniently concealed. I have taken occasion to calculate the interest and I find that it runs from 15 to 18 per cent.

That is the situation that those farmers who are being denied credit by the Farm Credit Corporation have to face. Therefore I would earnestly entreat the Minister of Agriculture to give serious consideration to the plea put forward by the member for Assiniboia with regard to those who cannot now qualify under the Farm Credit Act.

May I turn to another aspect of the act which has also been mentioned previously. I understand that at present there are provisions relating to the industrial development bank which permit the advancing of loans by that organization to those engaged in poultry enterprises. I have been approached by a number of my constituents asking that consideration be given to changing the situation so that this credit may be advanced by the Farm Credit Corporation. These people feel, and I think rightly, that those who are administering the Farm Credit Corporation are more sympathetic in their approach because they realize that poultry enterprises are closely allied to other agricultural endeavours.

I have one final comment. I would ask the minister to take up the question of delay in processing applications for loans. I do not