

Farm Improvement Loans Act

I realize, Mr. Chairman, that from time to time conditions change. When the Conservative government lent money at 5 per cent, the going rate at the Bank of Canada was 3½ per cent. This left 1½ per cent which was almost a gift to the banks making the loans. These loans were guaranteed by the treasury of Canada and the loss sustained amounted to a decimal point of 1 per cent. In effect this 1½ per cent margin was an administrative charge only. The whole thing was a cinch. Any finance institution that had the rent paid was only too glad to lend out \$5 million or \$6 million at 1½ per cent at absolutely no risk.

Banks today may not want to lend money at that rate because they can lend it for other purposes at rates between 8 and 10 per cent. Nevertheless I think the banks would lend \$5 million or \$6 million if a profit were guaranteed. If banks could earn a decent income by passing money through their hands at no risk, then they would be glad to lend this money today. However, they will not do this unless the money is earmarked by the government for a specific purpose.

When money is made available, Mr. Chairman, you just do not leave it to the banks to lend it to whom they please. We should tell the banks to whom this money is to be lent. I think things have been upside down here. As a government we have been insisting on giving this money to those who need it the least, and preventing those who need it the most from receiving it.

I do not want to go outside these four bills at the present time, Mr. Chairman. The dairy industry and other branches of the agricultural industry have taken the same attitude toward the family farm, that it should be in Canada to stay. When money is lent, the cost of that money must, of course be taken into consideration.

We must remember, Mr. Chairman, that Canada is still a pioneer country. There should be 50 to 100 million people living in this country. Are we going to leave agriculture in the hands of a few hundred thousand people, or are we going to establish policies that will mean that Canada will have an ever-expanding agricultural industry employing more and more people instead of less and less? If the fewer and fewer farmers of today continue to expand their operations and get richer, then I suggest we cut off entirely our support for this kind of operation. The only kind of operation that I would support is one that takes the long view of our agricultural industry in Canada and makes sure there are

[Mr. Bigg.]

more and more family farms in the country instead of less and less.

This particular bill, Mr. Chairman, seeks to expand the supply of money for the improvement of farms and the purchase of land. That is fine, provided the main principle to which I have referred is kept in mind, namely that this money is not just earmarked for the large farmers so that they can expand and take in neighbouring farms. We must make sure that a small farmer is able to buy enough land for his own particular operation.

Size alone, Mr. Chairman, is not the only criterion. I know one farmer in my district who has raised eight children on a quarter section of land. At fall fairs he is the man who has the red ribbons on his cattle. He would not necessarily be a better farmer if he had 10 sections of land. Perhaps he could have done a better job with half a section of land, and in a case like that where a farmer has a good operation on a quarter section by all means let us open the door and lend him the money to buy another quarter section, because a half section would be a more efficient unit.

Mr. Olson: Mr. Chairman, could I help the hon. member here. He said that loans have been in region of \$18,000 to \$20,000. I should just like to quote him some figures in this respect. In 1950 there were 58,969 loans under the act, the average being \$1,075. In 1957 there were 57,988 loans made, the average being \$1,199. In 1967, which is the last year the act was fully operative, 78,249 loans were made, the average being \$2,602. So I am unable to follow the logic of the hon. member when he says that this legislation is not for the small farmer. There were literally thousands of loans made below \$1,000 and between \$1,000 and \$2,000.

Mr. Bigg: I presume, Mr. Chairman, that the minister refers only to loans made under the farm improvement legislation.

Mr. Olson: That is the only act that is under consideration at the moment.

Mr. Bigg: I know that that is the only act under consideration, Mr. Chairman, but to prevent speaking four separate times on the subject I thought it would be acceptable if I talked about the principle behind farm loans under all four bills, Nos. C-110, C-111, C-112 and C-113. In my opinion, the principle behind all these bills is the same. I should like to know how we are spending the taxpayers' money and guaranteeing these loans on this general principle.