

*Grain*

far as the losses are concerned, I do not believe that they will be very great. As the legislation is worded there seem to be ample safeguards, and I do not suppose for one minute that the banks are going to make loans to farmers whom they consider to be absolutely uncreditworthy. If a farmer has a reputation of not meeting his obligations I doubt very much whether he will get any help under this legislation, in view of the fact that the banks are handling it. I am not even saying they should. If they have built up that kind of a reputation, then I doubt very much whether they should be eligible under this legislation.

So far as the district in which I reside is concerned, I have found that the banks are perfectly willing to make loans to all bona fide farmers under the farm improvement plan. Under a scheme of this kind it should be far easier for the banks to make loans than under the farm improvement loan scheme, because the guarantee is that much greater. However, I have one or two objections, one of which I mentioned when the legislation was in the resolution stage. I said then that I thought the \$1,000 limit was too restrictive. I think some leeway could be given to the local bank to decide whether a loan should be \$1,000, \$1,500 or even \$2,000. It all depends on the size of the operation. For a small farmer, \$1,000 should be ample. But if the man is farming on a fairly large scale and has perhaps his total crop unthreshed and under the snow he will need more than \$1,000. Yet I take it under this proposal the hands of the banker are tied. He is not in a position to make a larger loan than \$1,000. That would be one of my main objections to it. I think the government could give the bankers a little more leeway on this question. I realize the government may be afraid that if that is done the banks may be making too large loans to farmers who really do not need them, and then in cases where the loans are really needed the banks would find that the amount of the guarantee had been exhausted.

Then there is the question of the interest rate. Under a scheme of this kind, where there is a 25 per cent guarantee, I cannot see why the interest rate should be higher than that under the farm improvement plan, namely 5 per cent. Surely that should be ample. I think it should be so written in the legislation. If it were written in the legislation that the rate of interest was to be only 5 per cent then you would deter the bankers from trying to act under this scheme instead of lending money under the normal banking practice. If under the normal banking practice they were getting 6 per cent, they would sooner lend money at 6 per cent than advance money under this for 5 per cent; but if you

are writing nothing into it, but letting them charge the same rate under this scheme as under the normal banking practice, then they will try to get the farmer to borrow under this scheme because they have the 25 per cent guarantee. Therefore I think the 5 per cent rate of interest should be put into this legislation. As I say, that would deter the banks from lending money under this scheme to people who should be able to borrow in the normal way.

I think generally speaking the proposal is quite good, but a little bit late. However, I am certainly glad the government has decided to use the chartered banks rather than try to utilize the facilities of the wheat board.

**Mr. G. M. Ferrie (Mackenzie):** I should like to say a few words on this bill. I think it affects my constituency more than any other in Saskatchewan. I should like to compliment the minister. I want to thank him for going out to western Canada and investigating the case, and I should like to say how pleased I am to see this bill brought down.

In the northeast part of the province of Saskatchewan we have a population that is just starting in farming. It is really and truly a pioneer country, starting in to make one of the best sections to be found in western Canada. These areas where they are farming are a long way from banks. I am not going to say anything against putting the loan through the bank, but I should like to see something in the regulations stating that if a farmer has from 20 acres and up under the snow the banker has no right to turn him down. He should get his loan. The guarantee is sufficient to take care of that. Some hon. members down here do not just realize what a permit book is, what it really means. It shows every bushel of grain that is marketed and every acre that a farmer has under cultivation. There is no reason for any loss, and I do not think there should be any.

This is not the only time we may have to come to the government of Canada and ask for some form of protection in our country. We in western Canada have been good to Canada. We have produced enormous amounts of grain, large numbers of cattle and quantities of animal products. We have produced these; we have done our share to help the economy of Canada, and there is no reason why there should be any kick against this bill. There is no reason why we should not have this help at this time. There is no reason why a bank should not render service to an individual who is in difficulty. A former speaker said he was glad to see the loans being put through the banks. To some