

*Farm Loan Act*

forward when the bill is in committee we can take some time to consider whether or not they can be incorporated in the measure in order to make it more effective; for I do fully appreciate the difficulties to which hon. gentlemen have referred, having experienced them myself.

Mr. NEILL: If no one else will come to the rescue of the memory of the canny Scot I think I should like to say a word in support of this much abused measure. The hon. member for York-Sunbury (Mr. Hanson) was correct when he said they lend up to fifty per cent of the valuation, but he did not go far enough. The trouble is that usually they do not lend up to fifty per cent. That is their limit. If they always lent up to fifty per cent it would be easier. But to say that the act has been a total failure is hardly borne out by the very large sum that the Prime Minister has mentioned as having been lent. The fact that they were not after all too cheese-paring in their policy is indicated in the fact that he talks about arrears of interest still being overdue.

Mr. BENNETT: Very substantially.

Mr. NEILL: Substantial arrears, he says. I have myself complained of their being too narrow, and not lending enough, but it would appear that conditions somewhat justified that act. The original rate is six per cent, or whatever may be the sum at which they sell the bonds.

Mr. BENNETT: It has a relation to the sale of the bond issue.

Mr. NEILL: And then there is another charge of two or two and one-half per cent for amortization. I know of more than one case where farmers borrowed money from private sources at 8 per cent, and after having it five or ten years the whole amount would be demanded back, and if times were bad they were lucky if they could get it renewed. At any rate, at the end of twenty-five years they still owed the whole of the money and would be paying eight per cent, but under this plan they paid eight and one-half per cent and at the end of twenty-five years they did not owe anything. It was a substantial advantage to the farmer. I never knew anyone who was fortunate enough to get a loan who had any complaint about the way he was treated. I know of specific cases where the change was from eight per cent under private hands to eight and one-half per cent under the government, with this difference, that in the case of the private

[Mr. Bennett.]

man the mortgagor still owed the amount at the end of the period, but in the case of the government it was in the course of twenty-five or thirty years wiped out. I hope the government has no intention of doing away with it, and while it has been unpopular because they have been so particular in carrying it out, yet I believe it has done substantial and good work.

Mr. STEWART (Edmonton): I think a word should be said with respect to the farm loan act, because it was one which for a long time was under consideration by the previous government. It was not only the then Minister of Finance who was careful; another official of the government was quite as careful as the then Minister of Finance. The deliberations ran over a considerable period of time, and that is why I am intensely interested to know, after the criticisms I have heard, how the interest payments are standing up. The experience of governments generally—and I know something about the matter of loans—is that it is the easiest thing in the world to lend money, but it is the most difficult thing in the world to get it back. That has been the experience of the province of Alberta for the past twenty-five years. Times were much better in the days when this act was put upon the statute book than they are to-day. I shall be much interested to know how interest payments are coming in under the loan act now being criticized because of its rather onerous provisions. If interest is paid it is evidence, of course, that it might be loosened up, but if interest is not paid I do not know what I shall have to say about it.

Mr. COOTE: I think if the books of any loan company were examined it would be found that a great deal of interest on farm mortgages is in arrears. It cannot help being that way. Conditions are such that the farmers as a class cannot keep their interest paid up. While I am on my feet I should like to say that, as a whole, the farm loan board has certainly never over-extended itself, because the amount of money it has lent in Canada is only a trifle over one per cent of the amount outstanding in Canada on farm mortgages. It would seem, therefore, that the farm loan board has been careful, if nothing else.

Mr. SPENCER: When we examine the costs of administration of the act we will find them pretty high. Needless to say, it is easy to understand that costs mount up because of inspection carried on before making loans.