

repossessed one or two machines. It is very very small. They have extended and renewed loans. I did hear that when farm improvement loans on machinery came into arrears that some farmers had been borrowing from the Canadian Farm Loan Board, transferring their intermediate credit from the farm improvements loans and taking long-term credit from the Canadian Farm Loan Board because they were in arrears. That question was raised in the Commerce and Banking committee and I asked Mr. Chester, rather offhand, and he replied that he did not have the information available right then. I suspect it would be of interest to look at the reasons for obtaining long-term Canadian Farm Loan Board loans this past 12 months, and I think if you looked at that, that you may find quite a number of farmers switching from farm improvement loans into Canadian Farm Loan Board loans to pay off loans in arrears.

Q. On the other hand, there would be many farmers who have taken out farm improvement loans who would not be eligible for Canadian Farm Loan Board loans. For instance, on rented land?—A. On rented land they would not be eligible. It is just on owned land.

*By Mr. Bryce:*

Q. Dr. Hope, in your brief you do not have any recommendation of any kind respecting protection of the equity of the farmer. I am thinking of the man who has half or 60 per cent of his tractor or combine paid and loses the whole thing through no fault of his own.—A. That would be up to the local bank manager. If the local bank manager is a reasonably sensible man he will extend that loan, and I think in most cases they have. As I understand it the bank manager has to report back to his head office, or his regional office, after these loans have been in arrears for so many months; how long, I do not know. That is he reports back those loans which are in arrear. He can renew these loans and try to get the interest at least out of the farmer when the loan is renewed. I think the interest has to be paid when the loan is renewed.

Q. I would like to see some recommendation from the C.F.A. to that effect because since I have come down here I know that I want to see everything in black and white; I do not want to leave it to the whims of any bank manager or anyone else; there are good ones and there are bad ones. I think we should have something in the recommendations to protect the equity of the farmer after he has paid 60 per cent of the cost of the machinery and it should not be taken away from him just because the bank manager does not think he is paying quick enough or is not selling livestock, the only thing he has left.

Mr. MACLEAN: That brings me to a question. Have you any figures on the number of the farm improvement loans that have been satisfied by the repossession of farm machinery?

The WITNESS: No. The administration would have that.

Mr. MACLEAN: My second question is: has your committee considered the desirability or otherwise of relating the term of payment for farm machinery to the depreciation allowed under the Income Tax Act?

The WITNESS: No, we have not done that, although this sliding scale I have suggested here is an attempt to do something like that. There are two types of depreciation, as you know, in the Income Tax Act; the decreasing balance method and straight line method.

The CHAIRMAN: Of course, it is pretty hard to have anything of that nature on a 3-year period.