

Farm Credit Act

provide the loans farmers require. I think a mere glance at the statistics and figures which are available indicate that in the year 1959-60 the corporation lent a total of \$40 million; in 1962-63 this was increased to \$90 million, and for the year just ended on March 31 it is anticipated that this amount will be \$106 million. So we see that there has been a tremendous increase in the number of loans made and the amount of money which farmers are obtaining from the Farm Credit Corporation. Therefore it has become necessary to increase the amount of money available to the corporation to meet these demands. I think this is a very necessary and a very excellent step.

Second, the measure before the house at the moment will double the amount of money a farmer can borrow from the corporation. As we are all aware, at the present time under a part II loan a farmer can borrow \$20,000; under part III it is \$27,500. Some members who have spoken today have been rather critical of this effort by the minister and the government to increase the amount of money available to a farmer; in other words, to double the amount of money a farmer can borrow from the Farm Credit Corporation. I think this increase is very necessary, is very essential and will be very beneficial to the farmers of this country.

I am sure we are all aware that with the increasing value of land and the increasing cost of everything a farmer has to buy as a capital investment, it is necessary, even for the farmer who has not a large operation, to be able to borrow amounts larger than those previously provided under this act. Therefore I endorse this measure to increase the amount of money which an individual farmer can borrow from the corporation. It was mentioned just a few moments ago that this is an effort to eliminate the small farmer. I certainly do not think that is so, because I cannot see that this provision would in any way eliminate the small farmer or make it more difficult for him to borrow money. This would probably make it a little easier to operate, because any time the standards at the top are raised you make it easier for those borrowing lesser amounts at a lower level to obtain their loans.

I heartily endorse this provision. At the same time I would impress upon the minister and the officials of the Farm Credit Corporation, that they should give the most sympathetic consideration to the small borrower. They should be as lenient as possible within the limits of the act and regulations and give

[Mr. Mullally.]

the small farmer as large a loan as possible consistent with his needs. But I do not think that increasing the limits as in this particular case, which I think are very essential and necessary with the increasing cost of capitalization for the average farm, will in any way place any greater difficulty in the way of the farmer to borrow the money he needs to conduct his farm operation.

The third amendment in clause 3 enables a farmer to borrow from the corporation for the purpose of advancing such loans to a member of his family who wishes to acquire farm land. I think this is a most important amendment. We are all concerned at this time with the great trend away from our farms, particularly in the case of young people. This provision enables a father to borrow money to finance his son, his son-in-law, daughter, daughter-in-law, or his nephews, nieces, brothers, sisters, stepchildren or foster children, in establishing a farming operation. This measure I strongly commend both the minister and the corporation for bringing into effect. This will do a great deal to keep many young people on the farm as well as to encourage others to take up farming as a vocation. It is most discouraging in my area, and I think the same is true in all areas in eastern Canada, to see so many of our young and intelligent people who were born on farms moving away from farming to take up some other vocation. We think that farming is the best and most satisfying and rewarding vocation in which to engage, and any effort made to keep our young people on the farms is to be highly commended.

The fourth amendment which this legislation provides enables a borrower who receives a part III loan to make his repayments equally over the entire period of the loan. Under the present regulations such a borrower has to make his repayments on his chattels during the first ten years of the loan. This places a very heavy burden on the young farmer during the early years of his farming life and makes it extremely difficult for him to make any significant progress, because his repayments are so high. By spreading his repayments for the chattels in the same manner as his repayments on money borrowed to purchase land, over the entire 30 year term of the loan, the burden naturally is eased during the early years of his farming operation, which makes it considerably easier for the young farmer to get started.

Another matter I should like to comment on, which is also part of the new provisions of the act, concerns the increased interest rate