

The question is, how are these farmers going to finance over the winter? What are we going to do? A great deal has been said about this in the other place, but very little in this chamber; and I have not been able to find out what the government intends to do. In my opinion the problem is the responsibility of not only municipal and provincial authorities, but of the federal authorities as well. I believe that the banks would be willing to lend money to the farmers if the credit restrictions which were imposed last spring by the Bank of Canada were removed or modified. A man who has a good crop on his farm, in swath or in the granary, should be able to borrow from his bank a reasonable amount of money with which to carry on. I understand, however, that the banks are prohibited from taking security on grain before it is warehoused, so that such loans as they might make would be only on the security of the farmer's note, and possibly on nothing more. I hope that the problem will be solved, and that something will be done immediately.

The measure now before us is right along the line of my thinking when I spoke on November 20 last. Its provisions have been quite well explained by the honourable leader of the chamber, but there are one or two points which I should like to mention before second reading takes place.

In my opinion the loans are so small that no losses will result. In the first place, if a farmer does not have \$1,000 worth of grain, he cannot get a loan for that amount; but if he has \$10,000 or \$20,000 worth of grain, the maximum loan is still \$1,000. If he has already marketed grain to the value of \$1,000, he is prohibited from borrowing under this arrangement. I am in that unfortunate position, because my grain was threshed some time ago and I have already marketed more than \$1,000 worth.

This measure, while it may help some of the smaller farmers, will not be of much assistance to the bigger operators. Take, for instance, the big farmer who has already marketed at least \$1,000 worth of grain. The costs of threshing, harvesting and marketing would have long since used up that amount of money; but he is prohibited from enjoying any benefits from this measure, and must borrow from the banks in the ordinary way.

It seems to me that the bill should have included in it the rate of interest at which the banks would loan under this arrangement. My understanding is that the minister, in his original drafting of the bill, incorporated the rate of interest, but that it was eventually left out. Although the farmer should not be asked to pay more than 5 per cent interest on this money, I am quite sure that in some cases the bank will require 6 per cent or perhaps even 7 per cent. The farmer whose credit is exceptionally good will get a loan at a lower rate than a farmer whose credit is not as good. So, as I say, the loans will be made at from 5 per cent to perhaps 7 per cent interest. I understand

that in the measure to come before us later the interest rate is set out. It is my opinion that that should have been done in this case.

In my remarks on November 20 last I stated that the banks did not have the power to lend money on this kind of security. Although, this measure does not amend the Bank Act, it provides for special application of section 88 thereof to loans of this kind. The bank will, therefore, be able to accept as security grain standing in the field, lying in the swath or threshed and in the granary.

Hon. Mr. Paterson: May I ask the honourable senator if this type of loan will come behind the other loans that the farmer may already have made?

Hon. Mr. Hayden: No.

Hon. Mr. Aseltine: No. I will deal with that next.

Hon. Mr. Hayden: Such a loan is right out in front.

Hon. Mr. Aseltine: As honourable senators know, we have a system of marketing grain called the quota system. Before a farmer can market any grain he must get a permit book, in which shall be set out the description of the land that he owns and the number of acres he has in various kinds of crop. This statement must be sworn to when application is made for the permit book. Whenever the farmer markets a load of grain he must have the book with him at the elevator, and the elevator man marks down the number of bushels and the date of delivery. Suppose a farmer wants a loan of, we will say, \$1,000. He takes his permit book to the bank; the banker examines it, and if none of the farmer's grain is marketed the advance is made and the book is stamped to show the date and amount of the advance. When the farmer's grain is offered for sale, this statement stares the elevator agent in the face, and a ticket for the grain is made out to the bank. Consequently the grain cannot be used for any other loan than the advance which, under this bill, is made by the bank. That condition continues until the loan is entirely paid, at which time the bank cancels the memorandum in the permit book and the farmer continues to market his grain in the usual way, and with the money received for it he can pay off any other debts which he may have outstanding. Of course his borrowing powers are not confined to the amount to which he is restricted in respect of this bill: if he has other security he can borrow from the same bank, or elsewhere.

Honourable senators will gather from this brief statement that the bank is in a highly preferred position; and unless there is fraud