

*Farm Machinery*

sense" as shown in *Hansard* at page 8307. I would like to hear hon. members tell that sort of thing to the Knight family.

The hon. member for Kent (Ont.) (Mr. Danforth) has questioned the fact that all members of the syndicate need not be persons whose principal occupation is farming. I would like to point out that all members must be engaged in farming and the majority of members must have farming as their principal occupation. We think it would be wrong to exclude from participation in the benefits possible under the proposed legislation those farmers who find it necessary in the initial years of establishment of their farms to hold a full-time job off the farm. We think this is one of the ways to help them to develop and establish their farm units. Furthermore it may frequently be a real advantage to full-time farmers to co-operate in a syndicate with a neighbour who is farming but who has other employment and who may share in the use of the syndicate's equipment and in the cost of its operations. As the parliamentary secretary indicated in opening the debate on second reading, the bill provides for this kind of co-operation; but to ensure that full-time farmers are the chief beneficiaries the majority of the members of any syndicate must be farmers by principal occupation.

Some hon. members have suggested that the bill is a method of compelling farmers into co-operative ventures. This is just more political chinook blowing. There is nothing in this bill which would in any way limit the rights of any individual farmer to obtain credit from any of the sources presently available to him, including those two measures which have recently been amended and brought up to date in this session, the Farm Credit Act and the Farm Improvement Loans Act. The bill does not propose to remove the opportunities for the individual to carry on by himself if he wishes. It provides however the opportunity for individuals to co-operate with their neighbours where they find it to their advantage to do so.

Some hon. members have questioned the provision of joint and several liability of syndicate members. This is not an innovation but is a regular feature of partnership agreements. It has many advantages in a program of this nature. It will ensure that each member of the syndicate has a personal stake in its successful operation and a personal interest in the proper maintenance of the equipment. It has been suggested that one farmer in the syndicate might be stuck with the entire liability, in the event that all other

members default. Personally I have a high regard for the credit worthiness and integrity of Canadian farmers. I am convinced that the majority of them will meet their obligations and I believe they have sufficient business knowledge to refrain from entering into a syndicate agreement with the occasional individual who would not meet his obligations. Furthermore it must be remembered that all of the syndicate members will have an equity in the machinery and it will be in their own individual interests to meet their obligations to the syndicate.

The hon. member for Kent (Ont.) (Mr. Danforth) has questioned whether each member is to be assessed the same amount of the total debt. While the syndicate as a whole will be responsible to the corporation for the repayment of the loan, individual members may share this liability between themselves in whatever ratio they wish. For example, if a syndicate is made up of four members three of whom have 100-acre farms and one of whom has a 200-acre farm it may be quite natural for them to agree between themselves that the farmer operating the 200 acres of land will bear twice as much of the financial responsibility of the syndicate as each of the other members.

As I indicated, the syndicate agreement will be a form of partnership agreement. It is important to the successful operation of the program that these agreements between members be worked out to their satisfaction when the syndicate is being formed. Some of the terms and conditions which have general application will be prescribed by the Farm Credit Corporation. Many of the arrangements however, will be worked out in advance by the farmers themselves, to their mutual satisfaction.

Hon. members will appreciate that in a new program of this nature it is essential, particularly in the initial stages, to provide flexibility in the legislation so that the Farm Credit Corporation and the farmers who borrow from it can develop and improve the program as it goes along. While the corporation cannot prescribe any of the terms and conditions of syndicate agreements until after the legislation has been enacted, I can, in answer to the questions which have been asked, outline the general nature of some of the arrangements which are proposed.

The agreement will make it possible for a new member to join a syndicate with the approval of the other members, and the Farm Credit Corporation, on whatever terms may be mutually agreed upon at the time. A

[Mr. Hays.]