

Farm Improvement Loans Act

of interest of 6 per cent and if he can take advantage of an interest free loan from the machinery company, then he can save himself around \$400. I should like to see such a provision in the act.

Mr. Olson: Mr. Chairman, I realize that this practice has grown up recently, as my hon. friend knows. There are some distinct advantages in accepting pre-delivery because of discounts and that sort of thing. I know there have been legal questions. I have discussed this matter with many bankers—I will reveal no names—and they have in fact granted farm credit loans as if there had been no re-financing. However, they have been a little disturbed about the legal implications because there was, in fact, re-financing. We will look into it and try to cover that matter in the regulations.

Mr. Stewart (Marquette): I think this should be looked into because in some areas re-financing can be arranged through the banks while in other areas it cannot.

Mr. Bigg: Mr. Chairman, I am pleased to have heard the statement from the Minister of Agriculture, which has cleared up some problems. I am afraid that he has not reassured me on one of the most important points of all. I am concerned about farming, as I am sure he is—about whether or not his department, and the government generally, are putting their finger on the real problem today. If we are going to support agriculture, and I am sure we are, is the money that we are providing going to the right people?

The group we are trying to help are the family farmers of Canada. I have been intimately in touch with this group of family farmers for the last ten years, and they have indicated almost unanimously that they are not getting the help parliament is trying to give them. When financial institutions are given the responsibility of parcelling out the money they want an efficient operation; they want to make as much money out of the transaction as they can. The cost of putting out a large loan is very much the same as the cost of putting out a small loan. If you look into the statistics as to where money has been lent, you will find that the average loan is quite large. I am referring now to all the areas covered by these bills.

Most of these loans are going to people who really do not need the money at all because their credit is good. You can tell this by the amount of money being paid back. This money is being repaid in spite of the lack of

markets, and in spite of the holdover of grain on our farms. Most of these loans are being repaid, and you know why; they are being repaid because the money is being lent to people who do not really need the money. There are hundreds of farmers who need a small loan of \$5,000 or \$6,000 and they are not able to get it because priority is being given to the large, well guaranteed loans, the loan that no bank has to worry about. These loans are guaranteed by 6,000 or 7,000 acres of good arable wheat land. These farmers do not need to go to the government to borrow money when they are engaged in that type of operation. In many cases these farms are owned by corporations or by rich men who are plowing their income back into farming in order to escape income tax. If you lend such a man \$17,000 or \$20,000, of course he is going to pay it back.

I must say I have had literally hundreds of complaints from the little fellow who needs a loan most but cannot get it. Apparently the selling point of the government to parliament today is that we are short of money; but there is money for good purposes. We have to justify to the people of Canada the fact that we are going to ear-mark \$500 million or \$600 million to help agriculture. I do not think that the taxpayers of Canada want to subsidize the wrong people. I think the government of Canada should take the trouble to find out exactly who needs help in order to try to steer this money into the right channel.

● (4:50 p.m.)

The hon. member for Saskatoon-Biggar, who has just taken his seat, knows the problem intimately. In this very building, Mr. Chairman, he at one time asked me to take my seat at a farm union meeting because I had asked the farm unions to define what is a family farm. I do not know why such a definition was not forthcoming five or ten years ago. Certainly I should like a definition today.

I am sure the minister knows what is the problem here. I would ask whether there is not some way in which to write into all four of these bills the principle that the money that is lent should go to those who need it the most. I think that we should, we can and that we must supply money to these people, and I do not think we need worry too much about the formula the Conservative administration established, which set an interest rate at 5 per cent.