

Supply—Agriculture

servants will quit playing the cheap, political establishment politics that many officials in the Department of Agriculture have been prone to play for a long time. Such conduct leaves a bad taste in the mouths of the farmers in my area who were in the process of obtaining loans and then found that politics in the legal profession had interfered. A number of them came to me and complained.

I am quite happy to say that in the main the members of the legal profession in my area do not advertise their politics. I would find it very hard to say what the politics of most of them are, but it is very easy to realize that politics have entered into the matter when one sees the lawyers being changed a few days after the election and loans being held up because of this action. I am not suggesting it has meant a million dollar loss to the Farm Credit Corporation, but I do suggest it has meant a loss of prestige to the department and the Farm Credit Corporation, and it is not to their credit.

Mr. Hays: Mr. Chairman, I should like to make one comment. In so far as the Department of Agriculture is concerned we have one thought in mind and that is the servicing of the farmers. With regard to the Farm Credit Corporation, I can assure the hon. member that there are going to be more changes if the farmers are not serviced with greater dispatch than they have been in the past.

Mr. Peters: It does not have to be on a political level at all.

Mr. Pascoe: Mr. Chairman, my question has been partially asked and partially answered, but as a strong booster of the Farm Credit Corporation, which the previous government initiated, I want to emphasize again the very good repayment record of the farmers. I wish the minister could give us some indication of just what the small percentage of loss is in that regard and also enlarge on the operating loss, because in the last report of the Farm Credit Corporation it says:

Costs of salaries, office accommodation, and other operating expenses increased from \$2,466,717 in 1961-62 to \$3,186,399 in 1962-63.

If there was a similar increase last year in the costs of salaries, office accommodation and other operating expenses I would think this would account for most of the operating loss. Would the minister explain if that is the case?

Mr. Hays: This is not exactly so. In 1962 the Farm Credit Corporation had loans amounting to \$304,423,000. As at December 31, 1963 the amount was \$320 million and it has

[Mr. Peters.]

increased since that time. The cost per \$1,000 of loan has not substantially changed. There have been increases in salaries for all these people working for the Farm Credit Corporation and this has to be taken into account in the increased costs.

Mr. Pascoe: I have one more question with regard to the annual report. The minister said that a substantial part of the operating loss was accounted for by the difference between the interest rate on the borrowings from the Minister of Finance and the interest rate on loans to farmers. In the annual report it is stated:

To finance its lending operations, the corporation borrowed the following sums from the Minister of Finance during the fiscal year: \$26,000,000 at 4½ per cent interest...; \$11,500,000 at 5½ per cent interest...; \$22,500,000 at 4½ per cent interest—

Most of the borrowings were at a rate considerably below the 5 per cent interest charged on loans to the farmers.

Mr. Hays: It costs about 1 per cent to operate.

Item agreed to.

175e. Estimated amount required to recoup the prairie farm emergency fund to cover the net operating loss for the fiscal year ending March 31, 1964, \$1,940,000.

Mr. Baldwin: I wish to take a few minutes on this, as I think I am entitled to, being a farmer from northern Alberta who helped to get a farmer from southern Alberta out of the bog in which he appeared to be. While last year was a good crop year generally in western Canada, in the Peace River country we sustained very serious crop losses, one of the few years that has happened.

As a matter of fact I think the Minister of Agriculture was up there, doubling in his capacity as a governor of Rotary—

Mr. Hays: And minister.

Mr. Baldwin: —yes, and minister. I may say I found it hard to distinguish sometimes between his Rotary and his political discussions. However, as a result of this crop condition, in the Peace River country we have had almost every type of loss, loss as the result of drought, loss due to too much water, frost, crops covered by snow, and so on.

Mr. Knowles: What about Social Credit?

Mr. Baldwin: This is a blight which we have been suffering under for a long time. Under the previous administration we made benefits available to a great number of people under the P.F.A.A. aid program. At the time we did this it was pointed out it was a matter of trial and error, and further changes would possibly have to be made. In addition, we introduced the Crop Insurance Act which was