

Mr. CHESTER: Generally speaking that is the best procedure for him and for us.

Mr. HORNER (*Acadia*): I note that in 1957 the board paid \$40,000 in income tax and this year probably paid a little more. I think we should definitely lower the interest rate, because 5 per cent over a period of 15 years runs into a lot of money.

Mr. CHESTER: If you only lowered it by the amount of our surplus earnings you would not be lowering it one-tenth of one percent.

Mr. HORNER: (*Acadia*): Still you should lower it. I do not think that any government business ought to make money. Our first thought should be to do service to the people. We should lower it down to around $3\frac{1}{2}$ per cent so that the farmers could borrow it with a reasonable chance of paying up the loan over a period of years.

Mr. FLEMING (*Eglinton*): Do you realize that that would mean a subsidy?

Mr. HORNER (*Acadia*): Perhaps. Looking at the table, our administration costs are half of one per cent. Probably we could lower the administration costs and maybe our loans would benefit.

Mr. FLEMING (*Eglinton*): It must be realized that takes us further in the field of credit. The rate which would reduce the over-all cost of operation would hardly be a reduction which would take you further in that field. I take it that the ground on which parliament would consider any further extension of credit is on the basis that this is serving a national need. I think we will have to accept the fact, if anyone is proposing a rate of $3\frac{1}{2}$ or 4 per cent, that it would mean a subsidization out of the federal treasury. There is just no elasticity to reduce the cost of operation to the point where you can lop off half of 1 per cent without subsidization.

Mr. HORNER (*Acadia*): I think present farm conditions perhaps warrant subsidization. In a great many cases the farmers have to enlarge holdings in order to enable them to become an economic unit. If that is the case, I think we should perhaps subsidize them for three or four years until they are able to produce economically under present conditions.

Mr. MONTGOMERY: Mr. Chairman, I find that if a person waits long enough here he eventually gets the answers to some of his questions. However, there is one thing I would like to ask Mr. Chester. Have you any way of judging or knowing, under your appraisal system, whether or not there is a fair appraisal made? I can only speak of situations which come to my mind and which are in my own constituency or in bordering constituencies. I think one of the difficulties which is causing a great deal of the criticism of this act at the present time, to the effect that farmers cannot obtain loans under this act, is the fact than an appraiser will go out and he will appraise one farm in a community, we will say, at \$6 or \$7 thousand, and that man will get a loan; in a community very close to this community, another farm will be appraised, which every one in the community knows is just as good a farm or is just as good a risk, and that farmer will not be appraised as highly.

Our trouble in my area, down east, is with the appraisers. There is a branch office in Saint John and your appraisers there, and no doubt your people at the head office, feel we are in a very speculative business, the potato business. There has been in the past some quite heavy losses. However, I wonder if you have any way of determining the fairness of the appraisals? I am not criticizing; I am only carrying forward the criticism which I hear. I know, in some instances, we could not criticize the appraiser. I know him very well. But, there are cases which were turned down which I do not think were justified.

I wonder if you have given any consideration to having an appeal board set up. Such an appeal board need not cost anything. One could be established