

*Farm Machinery Syndicates Credit Act*

it could very well afford, in the interests of the agricultural industry, to absorb that difference or it could be absorbed by eliminating waste and extravagance.

There is another aspect of which I do not think the government should lose sight. I refer to the fact that much of the money now coming back to the Farm Credit Corporation is the result of the repayment of loans made several years ago, perhaps 10 or 20 years ago. At that time this money was borrowed at a reasonably low rate of interest. I suggest that the government give consideration to establishing some sort of revolving fund so that the money which is coming back to the Farm Credit Corporation would not go into the treasury but would rather remain as a credit to the corporation. This money would be earning interest until such time as it was needed. If the government felt it was unable to absorb the whole of the \$3,800,000, the money now being returned could be used to help relieve the situation a bit. In any case, Mr. Chairman, I am definitely opposed to any policy which will tend to increase the costs of those farmers who are borrowing money from the Farm Credit Corporation.

So far as the Farm Improvement Loans Act is concerned, those loans are government guaranteed bank loans. I do not believe the interest rates on those loans should be fixed by the governor in council.

I am sure the farmers of Canada have serious doubts about whether this is the proper thing to do. Surely some formula could be worked out whereby a percentage just a little above the cost of money to the government could be established. Some formula could be worked out to establish a more or less fixed rate of interest so the farmer will know what he is going to have to pay. Leaving the matter up to the governor in council is definitely not satisfactory. I think the minister and his department will find that the banks will go along with this idea. These are government guaranteed loans. If the government guarantee is worth anything at all, a bank should be glad to advance these loans. The percentage of loss will be small. The experience of the Farm Credit Corporation indicates this fact. If you look at their report you will find it shows a very small percentage of loss. This same small percentage of loss would obtain under the Farm Improvement Loans Act. The farmers of this country are honest. They do their best to pay their bills, and they will do so if they are given a decent break. If the government guarantee is worth anything, surely the

[Mr. McQuaid.]

banks will definitely go along with the setting of an interest rate a percentage point above the cost of money to the government.

I have little more to say, Mr. Chairman, except that when the Farm Credit Corporation bill comes before the house I will oppose it if it tends to increase the cost of money to our farmers. Again, I would recommend to the government that they give serious consideration to an attempt to broaden the scope of the Farm Credit Corporation so that it will be of some benefit to the small, family farmer who is still very important to this country.

**Mr. Benjamin:** Mr. Chairman, before discussing some of the points I should like to raise in connection with the resolution before us concerning farm credit I should like to extend congratulations to the Minister of Agriculture on his appointment. He represents a constituency in which I used to reside, and I am happy to see that we have a Minister of Agriculture who comes from a rural part of Canada similar to the rural area I am fortunate enough to represent. He used to farm in the area where I relieved as a station agent, so I heard a great deal about him, most of it favourable. I must confess that what I have heard about him in recent months has not been nearly as favourable, although I might have been talking to the wrong people in that area.

The resolution before us and the subsequent bill propose a number of changes in farm credit legislation, two or three of which I think are anything but desirable. The main intent of these changes is to increase the rates of interest charged under the Farm Improvement Loans Act and the Farm Credit Act. In my opinion, this is another instance of the old line parties providing more socialism for the rich. This has too long been a practice and habit of the present and previous governments. The main beneficiaries of these changes will be the money lenders. A couple of thousand years ago the money lenders were driven out of the temple, but it seems they have sneaked in the back door with the aid of governments in this country.

• (4:20 p.m.)

No one in this house, Mr. Chairman, will oppose measures that increase the availability of capital for agriculture. But surely such measures should not contribute to the increased cost of farm production. Farmers are about the only large economic group left in this country who have no say in how much they receive for their products. Therefore