

*Farm Loan Act*

Mr. BENNETT: The Canadian Farm Loan Act.

Mr. SPENCER: I should like to draw the attention of the house to the fact that western Canada particularly hoped for great benefit from the coming into operation of that act. I think I would be supported by those who know anything about the matter in saying that never has a piece of legislation passed by this house been a greater disappointment. It was put through at a time when it could have done tremendous good if it had been well administered, because it would have made money available on mortgages running for a long term of years. But when it began to operate it was found that the regulations were more strict than those imposed by any banking institution or ordinary mortgage corporation, and the amount of loans made under it was infinitesimal compared with the original demands. In the various provinces a certain amount of money was advanced, but very little compared with the original demands. When the hard times came on it was found that the administrators acted in the carrying out of this particular legislation more harshly than any debt collectors we know in this dominion. I suppose I have had more correspondence with regard to the hardships incurred through borrowing under this act than in regard to any other matter. I mention this because if we are to have an act that will work there will have to be a great many alterations.

Mr. W. T. LUCAS (Camrose): I should like to endorse what the hon. member for Battle River (Mr. Spencer) has said. I have had a great deal of trouble in connection with borrowers under the farm loan act, and from my experience I must say that if I had to advise a farmer about getting a loan I would advise him to take it from a loan company rather than under the Canadian Farm Loan Act. Many of these borrowers have been put to a great deal of expense, and when they have complained to me or to other members it is difficult to get any satisfaction. I remember once going into the office at Edmonton in a very amiable mood and when I attempted to discuss the matter in a friendly way I was told that I had no business to interfere with it all. If the bill now being brought in contemplates larger loans I suggest to the Prime Minister that regulations be laid down to ensure that there shall be better administration of this act in the future.

Mr. STEWART (Edmonton): I should like to ask the Prime Minister if he has the figures as to the overdue interest on existing farm loans.

[Mr. Spencer.]

Mr. BENNETT: No; I thought we would deal with that in committee. I have no right to speak again except at the close of the debate, so I shall defer such observations as I propose to make on the moving of this resolution until other members have signified their intention to speak.

Mr. NEILL: I assume that the Prime Minister is going to deal with the remarks of the last speaker?

Mr. BENNETT: Yes. May I say that this afternoon the right hon. leader of the opposition (Mr. Mackenzie King) put his finger upon one of the difficulties that arise in connection with the introduction of any legislation of this character. When the farm loan act was introduced in this parliament the then Minister of Finance, who was a very cautious Scotsman, was extremely careful to provide for almost every contingency that would indicate the possibility of the loans not being repaid. The provinces assumed a large responsibility under that legislation, and when I have had occasion to complain—as I have, like other hon. members—I have been told that this is a matter solely within the jurisdiction of the provinces. Then when I endeavoured to secure some explanation from that quarter I was told that this is a matter entirely removed from politics, which must be dealt with solely upon its merits. The result is that it is one of the most convincing arguments that I have found in a long time as to the difficulty of creating a board, surrounded by the conditions that surround the Canadian farm loan board legislation.

Nevertheless the Dominion of Canada has advanced substantially \$8,000,000 to this enterprise, and the loans have been made under appraisements controlled and directed by the provincial authorities under regulations enacted by the federal board. Each borrower has been compelled to invest a certain sum in the stock of the board, and the rate of interest at which he has borrowed has not been so very low as to induce him to believe that it is worth the effort he has made to invest in this very praiseworthy enterprise. The result is that he is very hesitant before he undertakes to invest his money in a certain amount of stock of the enterprise, because he pays six per cent for his money and he thinks possibly he would just as soon be a free man and pay seven per cent somewhere else.

There is one other point in that respect. The act provides, as will be remembered, for loans to an amount not exceeding fifty per