

Q. Can you complete all those?—A. No. I am afraid we did not do it that way. I totalled the net income by 5-year periods in the grand aggregate.

Q. What about average net income for a farm?—A. Average net income for a farm is—

Q. If it was not done, it is all right.—A. It has not been done.

Q. How do you arrive at the rate of $3\frac{1}{2}$ per cent? How does a farmer borrow money for equipment at $3\frac{1}{2}$ per cent?—A. He cannot.

Q. Why do you take $3\frac{1}{2}$ per cent then?—A. Because that is probably the long-time borrowing rate of the government.

Q. Should you not use a figure that would bear some relation to what a farmer has to pay?—A. You can take what he borrows and show a bigger minus or you can take the interest rate at which the government would lend to the Canadian Farm Loan Board which is about that rate. The government loaned the Canadian Farm Loan Board money at around $3\frac{1}{2}$ per cent, and that is why we used that rate. In other words, if he could get interest at cost from the government, that would be the situation. Now, if you took 5 per cent interest or $5\frac{1}{2}$ per cent interest, then, of course, he would show a bigger interest return but probably less than hired man's wages for the farm operator.

Mr. PURDY: I have three questions I would like to ask the witness, Mr. Chairman. First, I would be interested in the yardstick used for arriving at the average value capital per farm—1926 to 1954—which is \$8,630?

The CHAIRMAN: What page it that on, please?

By Mr. Purdy:

Q. Page 2.—A. That is a figure reported by the D.B.S. They do not report it per farm; they report an aggregate figure at every census every 10 years. The census takers ask the farmers, when they visit the farms, what the farm is worth in the farmer's opinion. They take a list of all the farm machinery and all the livestock and estimate what it is worth. That aggregate figure is published in the census, each census period, as a grand aggregate. Then, each year the D.B.S. estimates that total based on the previous census as a bench mark by means of surveys, and then they correct their intercensal year when it comes to the next census period. You arrive at the figure per farm by taking their grand aggregate and dividing by the estimated number of farmers. The actual figure \$8,630 is not a D.B.S. figure. We estimate the number of farmers and obtain then from D.B.S. sources.

Q. Has D.B.S. not changed its basis for counting farms during the various census periods?—A. Yes. This last time changed it slightly. They have reduced slightly the number of farms by using a new definition of a farm.

Q. This is strictly farm income, the income from the farm?—A. From farming operations only.

Q. If he has other income?—A. It is not included.

Q. It is not included in these figures?—A. That is right.

Q. When you were speaking of loans for farms you mentioned that the banks could repossess this farm machinery. Under what method would they do that? Would they have to go through a process of law? There is no provision in the act. Do the banks have a lien on the farm machinery?—A. Yes. They have a definite lien on each piece of farm machinery. If the farmer wants to sell it he has to have permission from the bank if there is a lien on it.

Q. That is a registered lien?—A. Yes.

Q. Then, coming to your recommendation of a $4\frac{1}{2}$ per cent interest rate, is that based on the 3 per cent Bank of Canada rate at the present time?—A. No. We just take the present 5 per cent rate which is guaranteed and we thought that because it is guaranteed loan against loss it is a very good return. They will make 6 per cent personal loans with no guarantee and with no security except signatures.