

opinion they can be secured in that way at lower rates of interest, at least up to this point.

I also suggest, and I am not going into detail, that the provinces separately—because each province has its separate problems—enter into an agreement with the dominion Government, and that members of the federal authority and members of the provincial authority be appointed to make up the provincial board, and that there be advisory officers in connection with the organization. I suggest a threefold purpose of the board. First, it should provide long-term loans for the purpose of securing farm properties or land, or additional land. I think that is paramount at this time. Most of us will agree that there is an acute shortage of farm help, and it is not the disposition of young men to work or stay on farms. Also, because of mechanization of the farm we must have larger units to operate, and to secure sufficient machinery to operate successfully and efficiently requires a considerable amount of money. I do not feel that a maximum loan of \$15,000 is sufficiently large; I think it should be raised to at least \$20,000.

Secondly, I suggest that if there is a partnership of two or more there should be some arrangement, perhaps on a sliding scale, whereby the partnership could secure a larger loan than an individual could secure.

And thirdly, I suggest that in the operation of this board the moneys be loaned to the farmers at cost to the Government. The federal Government could raise the money at a lower rate of interest. My experience is that not many farms in the country today can pay 5 per cent on the total investment, after paying taxes, insurance, and other expenses. As a matter of fact, some years ago in my province we reduced the interest rate on loans, under the Farm Settlement Board, from 5 per cent to 3 per cent, to bring it more in line with the earning capacity of the farm, and the rate still stands at 3 per cent. I am not suggesting that that should be the figure, but that the rate of interest charged the farmers under this plan be not more than the borrowing rate of the federal Government; but in order that there may be some responsibility on the part of the provincial authorities for any losses accruing and for administration expenses, 50 per cent should be paid by the province and 50 per cent by the federal Government.

Honourable senators, those are some of my recommendations. I will not go into the matter further at this time, because no doubt there will be an opportunity before long to study the details. I feel that the Government recognizes there must be some revision of the

whole borrowing and credit system, and I hope the Leader of the Government will bring to the Government's attention the needs of farmers in respect to credit loans.

It is true, as my honourable colleague from Winnipeg (Hon. Mr. Haig) said a few moments ago, that in years gone by there were mortgage companies which were quite willing to loan money on farm properties, because that was all they could loan money on, but the time has come when those companies are not interested in farm properties as security for loans. I am suggesting that there should be long-term loans—first for the purpose of purchasing farms or farm lands and secondly, for the purpose of farm improvement, such as drainage, buildings and machinery. I think that shorter-term loans also are required, but at the present time shorter-term loans have been taken care of in part and will continue to be taken care of in many areas by local credit unions and various organizations of that kind.

Honourable senators, I do not want to say any more at this time. I support the amendment now before us. I am disappointed that it does not go farther and I hope the Government will give consideration to the revision and remodelling of the whole credit system in relation to the farm needs of our country.

**Hon. John J. MacDonald:** Honourable senators, having been an appraiser under the Farm Loan Board back in 1935 I feel that probably I could illustrate to you some of the difficulties that were met with at that time by farmers applying for loans. That was the year when a real honest-to-goodness effort was made to improve the farm loan business. I am very glad that the honourable senator from Churchill (Hon. Mr. Crerar) has just come back into the chamber, because I know that he was a member of the House of Commons when the Bennett Government revamped farm loan legislation. At that time I was selected as an appraiser under the Farm Loan Board.

**Hon. Mr. Crerar:** May I correct my honourable friend, if he will permit me? I was not in Parliament from 1930 to 1935.

**Hon. Mr. MacDonald:** I'm sorry, I thought you were. I thought you were in Parliament from 1915 onward.

**Hon. Mr. Crerar:** No. I was a candidate in the election of 1930 but I retired from public life, temporarily, with the full consent of my constituents.

**Hon. Mr. MacDonald:** And came back with their full consent.

**Hon. Mr. MacDonald:** I may say that I was very well acquainted with what went on with