committees I wish this could stand until the Banking and Commerce Committee has finished their present legislation.

The CHAIRMAN: I would not want to make an undertaking to hold it until they get through. What if they are there another three weeks on the other bill. This is one problem we have to fight all the time on all committees. In view of this we might drop next Thursday's meeting and wait until next week, either Monday or Tuesday. That would meet the wishes of the Co-operative Union, Mr. Staples and his organization, and at the same time meet the wishes of some of us; but I am afraid next week we will have to get on. We will drop Thursday's meeting and wait until early next week.

Now, I will call on Dr. Hope from the Canadian Federation of Agriculture. There are copies of the presentation and I will have them distributed now. If any of you do not have a copy of Bill 208 we have copies here.

I will now call on Dr. Hope.

Dr. E. C. Hope, Economist, Canadian Federation of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen. I think I will start by reading a portion of what we call a statement of policy regarding farm credit. The Canadian Federation of Agriculture has a policy committee and among the topics which were handed to this committee for reference was farm credit. The committee studied this problem and presented a statement on farm credit which was examined and modified to some extent and then finally was passed by the board of directors on January 26, 1956. The portions of the statement which I shall read here are from that report. The report itself deals with long-term credit, intermediate credit, short-term credit, and what we call disaster loan credit. As you are only interested, at this time, in intermediate credit, in view of the fact that the farm improvement loan is what we call intermediate credit, I shall just read the portions of the brief that apply and a few general statements at the start of the brief.

A credit policy for Canadian agriculture should be designed to meet the needs of three general classes of borrowers:

1. The established farmer, who carries on a reasonably efficient farm operation.
2. The farmer who would become efficient except for lack of capital.
3. The young man starting in to farm.

In addition, natural disasters may place farmers from any of these general categories in a position where they require special emergency credit to carry them over the period of heavy loss.

Developing a sound farm credit policy to meet these needs requires arriving at answers to three fundamental questions.

The first is—what is the probable future earning power of farm capital?

The second is—what are other special features of farming that affect the type of credit needed?

The third is—what trends are developing in the available sources of farm credit?

Earnings From Farm Capital Available for Loan Repayment

It is possible to make an estimate of the probable long time returns of the farm operator for the total of his own labour, that of his unpaid family help and for his management after allowing a modest interest return for the capital invested in his farm.