

Farm Improvement Loans Act

amendment brought before the house at a much earlier date was due to the fact that we were concerned that the farmers should have this increase available to them in time to be of use in the 1964 season. The fact that this measure has been delayed until this date almost precludes the possibility that this additional finance will help them this year.

The parliamentary secretary has pointed out that this Farm Improvement Loans Act which was enacted in 1945 has been amended from time to time. The legislation began with a maximum loan of \$3,000. The act was amended in 1953 and the amount raised to \$4,000; in 1956 the maximum was raised to \$5,000; in 1959 it was again increased to \$7,500, and now the government proposes that the maximum be \$15,000.

We have absolutely no quarrel with this. We feel that the trend through the years gives two indications; first, the degree to which each government when in office feels that this industry needs this sort of help and does make the maximum use of it; second, we believe this trend is a sound criterion or indication of the degree to which farm expenses have increased, and forms a yardstick over the years of this drastic increase.

We believe this great industry of agriculture was one of the first industries of this country to feel the pressure of the industrial revolution which has been taking place over the last few years. Agriculture was the first industry which came face to face with the problem of automation. It was the first industry to lose a large proportion of its labourers and their children who left agriculture and migrated to the cities to take advantage of the higher wages offered, with the problems that followed.

There were just two courses of action open to agriculture. First of all, this agriculture industry had to attempt to meet the wage scale provided by heavy industry, which would have meant a drastic increase in expenses and in the price of farm commodities to the Canadian people. Or second, they had to change their entire method of procedure and try to take advantage of the machinery available and copy the industrial change-over to try to find out whether by this means they could increase their production.

When the previous government was in office I believe it assessed correctly that this revolution was in progress, and took direct action to provide the answer and the necessary aid to agriculture. I think it is a credit to the parliament of that time that there was

no great opposition offered by any party in this house to that course of action.

This course of action, sir, followed along three lines. First there was a determination to increase the sale of agricultural products internationally and nationally in order to move the tremendous surpluses that were building up. Second, sir, there was an attempt by the previous government to effect some sort of stabilization of farm prices so that farmers would not be subjected to the extremes of very high and very low prices, which created great havoc both to the economic security of the farmer and his long term farming proposition. The third step taken by the previous government was in the form of farm credits, and there were amendments extending the scope of both the Farm Credit Corporation legislation and the Farm Improvement Loans Act to include all individuals engaged in agriculture, and to directly increase the amount of finance available to the farmers of that day.

It is very interesting to note that the agricultural industry was one of the first to take advantage of government financing to this large degree in an attempt to cope with the drastic problems it was faced with at that time. The loan picture as portrayed by reports of the farm loan board give us a very clear indication of just exactly what is going on. For example, the average loan after this act was passed in 1945 was around \$784, and by 1962 the average loan had reached \$1,626. This meant that over 90 per cent of the farmers borrowing during those years borrowed far less than the maximum allowed by the act.

It is interesting to note, however, where this money went. To bear out the theory that farmers were turning to large machinery in order to offset the cost of high priced farm labour, in 1962 some \$87 million was borrowed by Canadian farmers for the purchase of machinery, which is 73 per cent of the entire amount of money borrowed. In respect of farm buildings \$50 million was borrowed; \$11 million was borrowed for the purchase of livestock and \$3,749,000 was borrowed for other improvements.

Here in Canada we are beginning to experience a drastically changing farm operation. Farmers are moving toward greater specialization. Farms are indeed becoming larger and being run by modern farmers who are today more businesslike than probably their fathers or grandfathers. The farmer is a man who works on a profit and loss column, has an office on his farm

[Mr. Danforth.]