

*Grain*

of the crop year is less than \$1,000, the established value of the deliverable grain becomes the upper limit of the amount of the loan. The second qualification applies in either case, and involves deducting from the maximum amount of the loan the value of any grain delivered by the borrower between September 1, 1951, and the date on which the loan is made. Since the intent of the bill is to assist those producers who are without funds because of their inability to complete harvesting or to make delivery, it is fair and proper to deduct the value of grain already delivered. Similarly, since these loans are being made on a commercial basis, it is obvious that the value of the security must be at least equal to the amount of the loan.

The bill provides that the last date on which loans can be made by the banks is May 31, 1952. Any producer will know by that date whether or not he is in need of this assistance. All repayments should be completed with the balance of deliveries to be made from the 1951 crop before July 31, 1952, and the government's liability to the banks on any outstanding claims does not become effective until October 1, 1952. Because of the practical basis upon which the credit base is being enlarged under this legislation there will not be, in my opinion, any volume of outstanding claims upon which the government will be called upon to implement its guarantee.

The basis for my opinion that the government's liability under its guarantee is negligible rests fundamentally upon my belief in the integrity and good faith of western grain growers. There are also suitable security provisions in the legislation. I have already mentioned the endorsement which the borrower will insert in his delivery permit book. In addition the bill requires that a responsible officer of the bank shall scrutinize the loan application with the same care required of him by the bank in its own ordinary business. Section 6 of the bill authorizes the banks to lend money on the borrowers' grain, whether threshed or unthreshed, and gives the banks the same security on such grain as is otherwise provided in the Bank Act. Section 8 gives the lending bank a prior claim to the proceeds payable on delivery of the grain. And finally, under the heading of security, section 10 of the bill provides the crown with the right to receive from the Canadian wheat board any adjustment or participation payments which are due or may become due to the borrower. This will only apply, of course, in cases where the Minister of Finance has had to make payment to a bank as a result of a guaranteed loan.

[Mr. Howe.]

Hon. members will note that there is no provision in the bill for repeal of the legislation. This is to enable the crown to maintain its claim against payments which may become due in the future by the wheat board to defaulting borrowers. It should be noted, however, that much the same effect as a repeal clause is provided by specifying that no loans may be made after May 31, 1952, and by providing the cut-off date of October 1, 1952, for purposes of the guarantee.

I believe that hon. members, upon study of the bill, will agree that we are dealing with the situation in a businesslike way. I repeat that what is required is not a form of relief. Nor is the legislation anything in the nature of a handout. Rather it is a means of providing short-term credit on a business basis to a group of producers who are finding it difficult to meet their living costs because of their inability, for the time being, to deliver their grain.

**Mr. J. A. Ross (Souris):** In discussing this measure in the resolution stage, Mr. Speaker, I pointed out that when we received copies of the bill I fully expected the rate of interest would be set out. As a matter of fact, when other speakers attempted to question the minister during the resolution stage he said he could not go into details until the bill was before the house, which is the proper procedure. As I have looked through the bill I cannot find any section which sets out the rate of interest. I feel disappointed in that because the minister said this bill would be patterned after the Farm Loan Improvements Act. In that act the rate of interest is specifically set out. I am disappointed because many of the small operators who find it difficult to finance will probably still find it difficult to obtain a loan from the bank under this measure. The fact that no rate of interest is stated in this measure will make it difficult for the small operator.

In the part of the country in which I live the same local bank will charge different farmers different rates of interest, depending upon the status and security of each. I think this house will be disappointed in the fact no rate of interest is set out in the bill, as there is in the Farm Loan Improvements Act. If this was intended to assist the small operator who is finding it extremely difficult, the measure will prove disappointing.

According to the estimate of the minister, the percentage of the grain which is still in the fields is as follows: 50 per cent in Alberta, 25 per cent in Saskatchewan, and very little in Manitoba. Taking the minister's estimate and comparing it with the report of the bureau of statistics issued on the 13th, it