

Canadian Farm Loan Act

respect to mortgages, then all that is happening is that the banks are being permitted to make more profit than is altogether necessary these days. With that exception there is nothing else in the bill to which we would take exception.

Clause 1 agreed to.

Clauses 2 to 8 inclusive agreed to.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN FARM LOAN ACT

AMENDMENT TO INCREASE AUTHORIZED CAPITAL OF BOARD

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 159, to amend the Canadian Farm Loan Act.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, before the bill is given second reading I think it would be of benefit to the house if a statement were made with respect to it. But in any event I should like to make some observations with respect to the report of the Canadian farm loan board for 1956. I understand this is the 27th report of the board which is an indication that it has been functioning for 27 years and has therefore become of great importance to financing farms throughout Canada. Coming as I do from western Canada, I may say that it is of importance to me because I represent an agricultural constituency. I am aware of the fact that the loans made in western Canada are more substantial than are those in any other part of Canada. I notice that loans made in Saskatchewan as well as those made generally throughout Canada are up over 1955 both in number and in amount. I think that is an indication that the farmers are finding it quite necessary to apply for larger loans. This situation reflects to some extent some of the things that we in this group have been saying in respect of the farm situation throughout Canada. In connection with the proposal which is before the house at the present time there are some things about which I am concerned. One, of course, is the fact that the governor in council will be allowed to set the rate of interest which was formerly set out in the act. I do not know what the reason for this is.

Mr. Benidickson: No, no. That is not so.

An hon. Member: It never was in the act.

Mr. McCullough (Moose Mountain): That is right. We had 5 per cent interest. Now the understanding is that it is to be increased.

Mr. Benidickson: No. Where is that said?

Mr. McCullough (Moose Mountain): It is going to be under the pressure of this government. We have the N.H.A. report. I am concerned about the fact that even at the present time the financing of western agricultural credit is a tremendous burden on the farmer. Through the very fact that he has not been able to market much of his produce, for example, he is being forced to go and get various forms of credit. Credit which is long term, amortized over some twenty years, is in effect another burden on the farmer. In lieu of being able to sell much of his products, his grain on his farm, he is being obliged to finance by going to the Canadian farm loan board. I think that the percentage increase in farm loans in the first six months of last year, 1956, is an indication that there is going to be a greater than ever demand for this type of loan made to western Canadian farmers.

Then, too, I think that the regulations covering the making of application for these loans are somewhat out of line with relation to the needs of the western farmers. I am thinking more particularly, sir, of the young farmer who is not in a position to have a sufficiently large farm to be highly efficient. The house will probably recall that some weeks ago I brought to the attention of the minister the fact I had been informed that certain applicants for these loans had been turned down. The minister said he was not aware of the fact that applications for loans were being turned down on the basis a farmer did not have sufficient cultivated acreage. My question, of course, appears in *Hansard* and the minister, as has already been stated, said he was not aware of this condition.

I have a letter from a constituent who informs me he was in Regina and made application for a loan. According to the letter he was asked the amount of cultivated acreage he had on his farm. He states that it did not matter how many cattle he had or what chattels he had. If he did not have sufficient cultivated acreage he could not get a loan. The board would not send appraisers to appraise his farm so that he might qualify for the loan. I hope that if this condition does exist the government will give consideration to the plight of the young farmer who is not in possession of sufficient land to come within the regulations and thus justify a loan for the purchase of further land. I hope the board will consider the total assets of these applicants so that they may qualify for a loan and get a unit which will be highly efficient.

As I pointed out, a lot of these boys have come back from overseas. They have rented some lands and built up herds of cattle. In