

Q. To what extent does that Act solve the problems of the agriculturist who, under your memorandum, are dealt with, or cannot be dealt with by the existing banks?—A. I think, Mr. Chairman, the answer to that is that it does not solve the short term and intermediate credit problems of the farmer at all. It is the long term loan scheme based upon a mortgage. The point I want to bring out in the memorandum is this: that if you use the long term mortgage loan for short term purposes, you lead the farmer into bad financing. I rather imagine that this new scheme has been so far adopted in the provinces of Alberta and Nova Scotia, but it will not remedy the circumstances with which the memorandum primarily deals.

Q. What do you consider to be the object of the loan?—A. For productive purposes. Agricultural operations take a longer time than commercial operations. These are only sufficient to cover the reproductive purposes of the agriculturist, and the profits should be used to pay off the loans.

Q. What period do you suggest?—A. I would say that anything from one to two years would constitute an intermediate farm credit.

*By Sir George Perley:*

Q. Is there any statute under which a co-operative society can be formed?—A. I do not think there is any Federal legislation actually governing the formation of co-operative societies. Some of the provinces have such legislation, but there is no federal legislation of that character.

*By Mr. Ladner:*

Q. It is a provincial matter?—A. Yes.

*By Sir George Perley:*

Q. I remember it being discussed some years ago, very fully, in the House, but I cannot remember whether any statute was actually passed or not?—A. I think not. We had Bills before the House many times. I remember what you refer to.

Q. There was a lot of discussion about it?—A. Yes, but no legislation was passed, as far as I remember.

*By the Chairman:*

Q. Mr. Darby, each province has some loaning system of its own?—A. Yes, but the most successful system is the long-term loan based upon mortgage securities.

*By Mr. Matthews:*

Q. Can you state in general terms that the present banking system does not meet the needs of the agriculturist of the West?—A. No evidence has been given to that effect.

Q. No supporting statement; it is merely a general statement?—A. Quite.

Q. You just state that something is required in addition to the present system; is that purely an assumption?—A. There has been a mass of experience brought to the attention of the Canadian Council of Agriculture. I think the hon. member will find that in the West there is a very general appreciation of the fact that their intermediate term credits are not being taken care of along proper lines, under the present system. You will find complaints that individuals cannot get money from the banks. The banks give certain reasons for not making the loans. We have been getting a number of instances of extreme hardship.

[Mr. Arthur E. Darby.]