

**Hon. Mr. Walker:** I would like to know if the loans are being made at a loss to the Government.

**Hon. Mr. Smith (Kamloops):** These loans are guaranteed to the bank, are they not? The Government does not advance the money?

**Hon. Mr. Connolly (Ottawa West):** That is correct. There is no fund set up by the Government, out of which these loans are made. The aggregate amount is that to which banks can lend under this legislation. It is the banks that lend the money. The rate they can charge under this legislation is 5 per cent; and 10 per cent of the money that they put out, pursuant to the terms of this legislation, is guaranteed against loss by the Government.

**Hon. Mr. Willis:** May I ask the Leader of the Government a question? As I read section 1(d) of the bill, if a borrower holds \$5,000 from the bank, that amount is deducted from the \$15,000 he might now borrow. In other words, he cannot borrow more than \$10,000 under this act if he owes the bank \$5,000.

**Hon. Mr. Connolly (Ottawa West):** I am not too sure about that, because the terms under which he may borrow \$5,000 from the bank on some other account and under some other arrangement may be completely different from the terms under which he borrows under this legislation. However, I think the banker himself would probably assess the general credit position of the borrower. The honourable senator may very well be right. I would hope that question would be asked in committee, for I too would like a better answer.

**Hon. Mr. Willis:** I read section 1(d) to the effect that if a banker knows that the borrower owes money to his bank, he cannot borrow an additional amount increasing his total obligation to more than \$15,000.

**Hon. Mr. Connolly (Ottawa West):** As to obligations under this legislation, that is true.

**Hon. Mr. Willis:** As a farmer myself, I want the answer.

**Hon. Mr. Connolly (Ottawa West):** I do not think the honourable senator would have much trouble borrowing without this legislation.

**Hon. Mr. Molson:** May I ask the honourable leader if he does not think that a farmer who already had a loan from the bank and was in the normal sense of the term loan-worthy under this legislation, could apply for this loan and pay off his previous borrowing and in that way qualify for the maximum, provided he met the conditions under this legislation?

**Hon. Mr. Connolly (Ottawa West):** I would certainly think so.

**Hon. Mr. O'Leary (Carleton):** May I ask the honourable leader who directs the administration of this act? I understand that most of these loans have been made to farmers in Saskatchewan, Ontario and Alberta. These are farmers of a relatively wealthy class. What effort is made under this act to help the small farmer? What about the man who has 100 or 200 acres, who may need a loan for seeding, or to erect a new barn or other buildings?

It seems to me that the farmers who can borrow money for combines and tractors, and items of that sort, are relatively prosperous farmers. But it so happens that at the present time in the Province of Quebec a number of farmers are depressed, and I know some of these areas in which they live. Could those farmers go to the bank and get a loan under this act, or would they be told by some hard-eyed banker that they did not have adequate security? I fear that this loaning legislation is mainly for the benefit of people who are relatively prosperous and who, if they did not get a loan, would not suffer.

**Hon. R. B. Horner:** Honourable senators, coming as I do from the largest farming province, I would like to say a few words on this legislation. For the benefit of the honourable senator who is worried, may I say that this has been a rich harvest for the bankers. That is one of the reasons Parliament has been flooded with applications by people wanting to get into the banking business where they can make guaranteed loans.

I noticed that the Leader of the Opposition (Hon. Mr. Brooks) was quite anxious to have information on the proportion in which the farmers in the various provinces were taking advantage of these loans. Conditions in his province look pretty good, and probably the farmers there don't need much money.

**Hon. Mr. Brooks:** They do not borrow money.

**Hon. Mr. Horner:** The Province of Saskatchewan has a larger agricultural area and grows more grain than any other province, and loans are needed for expansion. One of the reasons for borrowing is the constant changing of equipment, the need for more efficient equipment. It is quite natural that a farmer, if he sees the opportunity of making a few thousand dollars, will change to different equipment.

Let us take, for example, seeders for seeding wheat. At one time we had the shoe drill, which made a small crease in the soil and dropped in the seed in a similar manner but not quite as compressed as with a double disk drill. Then the double disk drill became