

Grain

guaranteed up to the total of \$5 million, or 25 per cent of their loss, then I think there should be some consideration by way of a rate of interest lower than the commercial rate. It does not seem to me that the financial institutions of this country should be in the position of reaping a harvest out of every disaster in Canada. This was a disaster. In a large part of the western provinces the crop was not harvested this year. I certainly think the rate of interest should be lower than the commercial rate.

Mr. Quelch: Perhaps the minister would wish to wait until we reach the committee stage of the bill before he answers, but I would ask how loans will be averaged among the various banks. Will it be left to the banks to allocate the amounts among themselves, or will the government allot a certain amount to each bank?

I think the thousand-dollar average would be satisfactory in many instances, because it will carry the farmer who would not have any money at all. There will be many farmers who will borrow perhaps only a portion of the \$1,000. On the other hand there will be a few who will require considerably more than that amount. I am thinking of those who are in the unhappy position of having their total crop under snow. If a farmer is farming 600 acres it would mean that in the spring he must purchase more than 700 bushels of seed wheat at a cost of perhaps \$1,500. So the \$1,000 would not begin to meet his cost of seed, let alone any other expenses. I should hope it would be possible to allow a certain amount of leeway to meet a situation of that kind.

Mr. Howe: It is not the intention that these loans shall take over the financing of all western Canada. They are loans extended on rather sketchy security—that is, security of crops which may be in the fields, and may be subject to all sorts of damage in the winter time. The intention is to provide enough to look after the living expenses of the farmer. It is not intended that we will provide money to pay his debts, or—

Mr. Quelch: His seed is most important.

Mr. Howe: We hope it will take care of seed. But there are always provisions to take care of seed. My hon. friend and I, as long as we have been in the house, have known of provisions for seed on a good many occasions. I do not think the farmer will be let down so far as his seed is concerned.

It is suggested that these loans should carry a special rate of interest that would be lower than the commercial rate. Inevitably that

[Mr. Wright.]

would mean that farmers who have perfectly good credit at the banks, and have been using it for years, would drop the private credit they have always enjoyed and make use of this special credit. That is not our desire. This is to be a loan for a short period of two or three months and no more, with the rate of interest about 5 per cent.

Mr. Quelch: The minister means more than that, surely.

Mr. Howe: Loans will be put out beginning January 1 and will stop, I would think, in May and will become due as the grain is marketed. If the farmer does not market some of his grain by the first of May he is not going to have much seeding done for next year.

Mr. Quelch: There is a lot of this grain that will not be threshed until June. Last year, in the area around Hanna, there were a few farmers who were not able to thresh grain until after their seeding operations had been completed; they were threshing up until July. Provision will have to be made so that loans may be continued until the farmer has done his threshing. Much depends upon the type of spring you have. If the snow goes early, threshing can be completed before seeding, but it is not often that we have a spring like that. I should imagine that a lot of the crop may not be threshed until after seeding.

Mr. Howe: I did not intend to say that we were going to call the loans on the first day of May. As a matter of fact they may run until October before they are in default. But it is not intended to make any new loans after May 1 or June 1. Again we are discussing the bill, which we can do much better when it is before us. We are in position to lend \$1,000 to 20,000 farmers. Many of those farmers will have marketed some of their grain. I spoke to groups of farmers all across the prairies, and most responsible farm leaders agreed with me that \$20 million would be more than ample. If we are wrong, parliament will be in session next spring and the situation can be corrected. This is intended to take care of a situation, and if we are wrong it will have to be corrected.

Mr. Fair: I am glad to hear the minister say he intends to take care of the situation.

Mr. Sinnott: The Liberal party always takes care of the situation.

Mr. Fair: How long has the hon. member been in the Liberal party? How many parties was he in before he got in the Liberal party?

Mr. Quelch: This will not allow the farmers sufficient time to complete their threshing.