

Supply—Finance

I have never argued that it could answer it alone. We have argued there were glad periods when we have told the world the way we were living. I continue the quotation:

As an integral part of the North American economy, Canada is subject daily and hourly to the fluctuations of prices and other economic factors in the United States and, indeed, throughout the world.

That is true. We must not blame the government for everything.

Nevertheless, within its powers the Canadian government at last—and very late—is beginning a fundamental attack on inflation. Since high prices are not themselves the cause but only the effect of inflation—of a money supply in excess of goods to satisfy it—the government wisely is not attempting the futile task of price control. It is trying by drastic monetary means to reduce the money supply while, at the same time, expanding the supply of goods.

That is sound, in principle. The question is when you apply it. Now I come back for a moment to refer to the expression “throwing the gears into reverse”. We have tried to suggest remedies time and time again, and there have been appeals to deal with it in that way. As this writer says, we are now throwing the gears into reverse, and inevitably causing distresses which might have been avoided.

We have of course the 59-cent dollar. I need not mention that. We have Canadian bond prices which have been allowed to seek something near their natural level, and which have caused distress to hundreds of thousands of people.

Now, what has happened is that the government has been on a kind of currency drunk. It is now sobering up, but the trouble is that the sobering-up process affects other people besides the government.

I said at the outset that I was not going to speak long. I think it has been worth while to put on the record this statement from a reputable source indicating that it agrees with what I have said. I wish to make it clear that there are things which are bothering the people, and which are not things of yesterday or today. Three years ago we argued with the government that prices had gone up twenty points from 1942 to 1948. These are not things that have developed yesterday or today. We argued the sales tax and pointed out to them that many of the taxpayers who have bought bonds have seen them go down, as they have gone down.

I said at the outset that I would be brief, and I think I have been brief.

Mr. Fulton: I should like to ask a question having to do with the operation of the

Canadian Farm Loan Act. As the parliamentary assistant just pointed out, there is no separate item for the farm loan board this year because, as I am glad to learn, it made a profit last year and there is no need for an item. However, this matter comes under the Department of Finance.

My question is directed towards finding out whether the Department of Finance will consider making an amendment either in legislation or in the regulations so that no longer will we require the security of a complete farm unit before making a loan.

I should like to give a simple illustration of the point I have just made. The condition I shall describe causes a hardship to those who would like to obtain some assistance under the act. A farmer who has settled on the land under the Veterans Land Act and has taken assistance under that act has to give a mortgage to the director under the Veterans Land Act. That mortgage covers the whole unit upon which he has been settled. In the case I have in mind, the farm is worth a good deal more than the \$6,000 advanced under the Veterans Land Act. The mortgage covers only the part of the farm which contains the farm buildings. There is security for an advance over and above that, on this \$6,000 maximum under the Veterans Land Act. Then he turns to the farm loan board, but he finds that because the Veterans Land Act mortgage covers the farm unit, the home place, and the farm loan board requires similar coverage, that although the total or the whole of the farm is security for a good deal more than the \$6,000, nevertheless because of the regulations he cannot secure a loan under the Canadian Farm Loan Act.

I should like to ask the parliamentary assistant if he will bring to the attention of the minister and the farm loan board administration the desirability of some amendment so as to permit the making of loans when there is adequate security. I am not suggesting that it be done where there is not adequate security, but where there is adequate security in the value of the land could not a loan be made even though the home buildings are covered by a prior advance?

Mr. Sinclair: Section 7(c) of the Canadian Farm Loan Act specifies that a loan can be made only on a farm unit as such. It also says that the farm cannot be otherwise encumbered. The Canadian Farm Loan Act does provide for second mortgages if the farm loan board has the first mortgage. In the case referred to by the hon. member it was much to the settler's interest to have a veteran's land loan because of the much more generous terms. The stand taken by the farm loan board is that taken also by ordinary lending