

*Farm Credit Act*

out they should never go away feeling dissatisfied. If they do, and there are some in my area, this is not necessarily the fault of the directions being given by Mr. Rutherford, but is the result of the inability of those officials to accept the directions which he gave. As long as money is being requested, the people responsible for the lending of that money will have a very close look at the operation. There will, of course, be a difference of opinion as to whether or not the money can reasonably be lent. I think that in most cases this pre-counselling on loans has resulted in a better understanding of the farm operation by the farmer.

I know that in many areas where farmers have been refused loans and the reasons have been pointed out to them most,—not all—but most of them have been very well satisfied that their farm operation would not warrant the type of loan they wanted. In many cases the farmers themselves decided the loan they were requesting was too great, that they were not going into that large a farming operation.

Hon. members can agree or disagree with the decision that was made by the director, but I think it is interesting to note what he had to say on page 6:

The Farm Credit Corporation is now lending "big" money—

I think this is important.

—not just for the reason that the applicant happens to have good security for the loan but with a definite object always in mind—that of assisting Canadian agriculture to reorganize itself into economic family farm units, with all the economic and social advantages and the stabilizing influences which this will have on our whole economy. Remember that each well placed loan brings us just one step closer to the objective set for us. We must keep on keeping on until that objective is reached.

Well, I think some of the members may have neglected to look at this, but I am in agreement that the credit being extended to agriculture must be directed to the agriculture industry itself as well as to the individual farmer. We want to get Canadian agriculture in general, as well as the individual farmer and the family unit, on a sound basis. Both of these aims should be worked at and should be accomplished.

The chairman goes on to say:

Our function is a specialized one. It consists of advancing long term credit from public funds to competent farmers for the purpose of assembling economic family farm units, organized to produce readily marketable products at a profit which will give themselves and their dependents a good standard of living and enable them to pay back the loan to the corporation.

Well, Mr. Chairman, I think in the main this has been done. It is true also that it may be advantageous now to look at where the corporation is going, and to decide whether

or not we should set our sights a little higher by trying to do something more with the credit being extended to the farmers of Canada.

The previous speaker mentioned the fact that vertical integration was being attempted by corporations which provide money for purposes similar to those that a loan of a suitable size would bring about, so far as the farmer himself is concerned. I would point out that this was tried by many very large concerns, and in most cases vertical integration is not now the threat it was four or five years ago. In many instances and in many fields it was a complete failure for the people putting up the money and for the people receiving it. It was a failure for the farmer and the creditor, and the only man who seemed to come out well was the feed mill owner who sat in the middle.

Vertical integration is not the answer. It never was and the attempt to introduce it into agriculture, as I say, does not present the same threat as it did previously. However, if it is not a threat then this means that there is still a vacuum in that field which the government must examine.

Because this is not the throne speech we should not mention the fact that taxes and other things are involved in rural economy. The motion is restricted, although debate on it has not been confined, to the extent that we are asked to increase the capitalization of the corporation. We are asked to add another \$100 million to the reserves from which farmers may borrow. This is something in which every hon. member who comes from rural Canada is interested.

I have a list of a number of cases involving farmers in my area who are dissatisfied. In many cases this is probably the result, as Mr. Rutherford pointed out, of the human factor, the personality element which may enter into the granting and seeking of loans; but there are several cases which have made me wonder if we are not being a little too tough with regard to small loans for the small non-economic units at the present time.

The direction that was originally given was that consideration would be given by the advisory staff to the size of the farm unit and the results that could be expected from it. This resulted in many units being considered too small to obtain credit in a satisfactory manner. I can cite one example. One farmer I know had a piece of property which, to me, seemed much too small to carry the herd of cattle he owned. His problem was the renting of pasture and land to produce the hay and grain necessary for his dairy herd. He attempted to negotiate a loan with the Farm Credit Corporation but his unit was considered too small to be economic. Later he went to