

Farm Machinery

of loans made under the Farm Improvement Loans Act. I do not have comparable figures in respect of losses incurred by the Farm Credit Corporation. I do not know the number of foreclosures that have occurred as a result of default in respect of loans made by the Farm Credit Corporation, but I am sure that number is small.

Why is clause 3 necessary in its present form, making a promissory note the first security and a mortgage on the machinery the second security? I wonder who the financial wizard was who decided to include that provision in this bill. Who was the financial wizard who questioned farmers' credit to the extent he found it necessary to include this provision? Farmers' credit has been excellent over a period of years, particularly in respect of the purchase of farm machinery. That fact can easily be established.

Last year one of the local weekly newspapers reported that \$228 million had been spent on new farm machinery in that year. The Farm Credit Corporation made loans available to the extent of \$99 million. I suggest that every second piece of farm machinery purchased is purchased at least in part by money the farmers have received under the provisions of farm loan legislation, yet only one tenth of 1 per cent is lost in this regard. Why is this clause necessary? This legislation applies to a group of individuals who over a great number of years have established an excellent credit reputation, yet the Minister of Agriculture, the farmers' leader and spokesman in the government, suggests they are a bad risk. He indicates that belief by that provision of this bill, which says that each member of a syndicate taking advantage of the provisions of this proposed legislation must sign a promissory note to cover the total amount of the loan.

Perhaps we should consider clause 3 a little further. Supposing for example 20 farmers formed a syndicate and put up \$1,000 each. Perhaps they would want \$100,000 to purchase some farm machinery. They would then require \$80,000. Let us assume for example they needed this money to set up a large feeding plant. It might be dirt moving equipment or anything else that might be envisioned under this legislation. Each farmer only has \$1,000 invested in the purchase. There are 20 of them and they borrow \$80,000 or \$4,000 apiece. Why should each farmer have to sign a promissory note guaranteeing he will be responsible for the

full \$80,000? I cannot see it. Have the farmers been that bad a risk? Can the minister, our leader in farm matters and farm legislation, not trust us a little more? What small farmer is going to join with 19 others, put \$1,000 into an enterprise and sign a promissory note for \$80,000 when his whole farm and all his machinery, lock, stock and barrel, are not worth \$80,000? Is he going to put his family into debt for years to come in this way? Is he going to enter into that kind of contract? I think not.

I am sure many members have many reservations with regard to clause 3 of the bill. Many members, particularly those who are farmers, are somewhat hurt that the minister would view our credit standing so poorly. We are somewhat hurt that the Liberal government would look on us as such a poor credit risk. I feel this deeply and I know other farm members feel likewise. Why should this be so? Is our past record with regard to machinery loans so poor that we have to be singled out for this heavy penalty? I do not want to dwell too long on that particular point. I know that when we come to this clause of the bill many members will be concerned about it and I may have something more to say about it at that time too.

Let us look at the interest rate. Clause 1 says that this legislation is to be known as the Farm Machinery Syndicates Credit Act. As I pointed out in an earlier speech, under the Farm Improvement Loans Act a partnership can borrow up to \$15,000 at 5 per cent interest. The Farm Improvement Loans Act deals specifically with loans for the purchase of farm machinery. If we leave out the word "syndicates" this bill under clause 1 would be known as the farm machinery credit act.

There is one piece of legislation already on the statute books under which individuals or partnerships can borrow up to \$15,000 at 5 per cent interest. This bill makes no suggestion as to the interest rate. It says that the interest shall be made up of the cost of borrowing plus a reserve against losses, plus a service charge of 1 per cent. I know that a great many people throughout the country feel the same way as the farmers do. One class of operator that farmers have looked down upon and despised to some extent is the non-resident farmer, people who live in cities or towns and live off the land by operating farms. Another thing we look down upon is service charges. There is a service charge added to too many things that people have to buy today.