

Farm Improvement Loans Act

The provisions of the amendment suggesting a prime borrowing rate and establishing a ceiling are probably not unrealistic. The result would probably be more than we could expect from the banks if they were given a free rein. Previously I pointed out that on a total of \$200 million provided for farm improvement loans our subsidization cost was something like \$3 million, which is not much greater than the prime rate at which the government can borrow money.

The net effect of the amendment proposed by the hon. member will probably be the same as that arising from the government's proposal. For that reason, and since I am opposed to the idea of a fluctuating interest rate, I find his amendment unworthy of support.

Mr. Gray: Mr. Chairman, the hon. gentleman from Calgary South—

Mr. Harkness: Centre.

Mr. Gray:—from Calgary Centre asked whether the interest rate would be prescribed by the minister or by the governor in council. This is something which might more appropriately be dealt with on clause 5. The provisions of that clause will make it possible for the interest rate to be prescribed by regulation. That clause is an amendment to section 6 of the act which confers the power on the governor in council, on the recommendation of the minister, to make regulations covering a number of matters. If the appropriate amendment is carried it will mean that the governor in council, on the recommendation of the minister responsible for the act, will be able to prescribe the rate of interest payable by a borrower.

As the Minister of Agriculture has pointed out, it is intended to lay down a formula covering the various aspects that he touched on in his remarks the other day, a flexible formula that will make it possible for the banks to have a reasonable return and at the same time provide an incentive to them to make these important and necessary loans, that they are not making under the present interest rate. As the Minister of Agriculture has pointed out, if the house should adopt this bill as proposed by the government, farmers will be able to get loans of this type at lower interest rates than they are able to get them at now, and there will be greater availability of this necessary form of credit.

Let me conclude on the other point made by the hon. member for Calgary South—

Mr. Woolliams: Calgary Centre. Calgary South is your member.

Mr. Gray: That shows that there are a number of distinguished members in this house from Calgary. It is true that as a result of changes in population trends in this country, more and more members represent urban areas. I think it should be clear that on the government side of the house, and in the government portion of the other side of the house there are a number of very capable members representing the rural areas, not the least of which is of course is the Minister of Agriculture himself.

• (9:00 p.m.)

Mr. Horner: Put a flower in his teeth.

Mr. Gray: I think we should recognize, all of us, whether we represent rural areas, urban areas or both, it is our duty to legislate to the best of our ability in the interests of all the people in this country. We have this obligation whether we represent rural areas or urban areas. The hon. member for Crowfoot has an obligation to try to join in legislating in the best interests of the people in urban areas, and those of us who come from urban or semi-urban areas have a similar responsibility in respect of the people in the rural parts of this country.

We have often criticized in this house various forms of separatism in this country. Surely a form of separatism as nefarious as any other is one which attempts to divide Canadians in urban areas from rural areas.

Some hon. Members: Oh, oh.

Mr. Gray: We have an obligation, therefore, to support legislation of this type whether we come from the cities, towns, villages or farms in this country. We have an obligation to work together in the best interests of our country.

Mr. Woolliams: I wonder if the parliamentary secretary would answer this question? He has suggested the rate of interest would be a reasonable one. Suppose this measure were passed now, just as the government has drafted it, what would be the rate of interest charged to western farmers?

Mr. Whelan: How about the eastern farmers?

Mr. Gray: The hon. member for Essex makes a good point.

Mr. Woolliams: Well, answer the question.