

Mr. Epp: My friend at the back says it is being said in beer parlours as well. Perhaps that is the only solace people are getting these days.

I grant that an easy solution to the high interest rate problem is simply to reduce rates, but that would not be in keeping with reality. The problem is that the Canadian government has been into the international bond market to such a degree and for so long that it is now caught on the horns of a dilemma brought about by itself. How can the government expect interest rates to drop substantially if it is into the international bond market at a rate of 25 per cent annually over its revenues? That is what we have been seeing. Oh, yes, it was very easy for a time to advance all kinds of programs and say to Canadians, "Look, we are doing this for you". However, the government has never reminded the people of who is paying for the programs and how much more they will cost in the future. I am for those programs too, but I want to see them as a natural outgrowth of more economic activity. Today we are looking at our economic pie and cutting it up in such a way that some people get a little more and others a little less. The only way to help Canadians is by allowing Canadians to increase the size of the pie.

On the one hand we are into the international bond market to a large extent, but what did the government do in relation to the new issue of Canada Savings Bonds? The new rate offered Canadians was 19.75 per cent. How can Canadians expect interest rates to drop when any Canadian can go into a bank and buy \$15,000 in Canada Savings Bonds, leave them in the bank for one year and get a return of 19.75 per cent? Does anyone in his right mind really believe that is the way to reduce interest rates?

Those are the realities. We can indulge in all kinds of rhetoric and political philosophy, but the fact remains that if we are into the bond market to the extent we have been for the last 15 years and are now trying to finance in Canadian dollars at 19.75 per cent, and if that is what the government is paying for money, we cannot expect the Canadian farmer who is worried about credit to enjoy interest rates which are substantially lower. It cannot be done. That is the tragedy that results from this government's administration in relation to Canadian farmers.

● (1700)

Hon. members and the minister will recall the questions that were asked about the proposed FCC loan rate. I would have liked to be a fly on the wall of the cabinet room when the minister argued for a lower interest rate. But what was it when he announced it? It was 16.75 per cent, Mr. Speaker. Canadian farmers cannot afford a line of credit at 16.75 per cent. Is that supposed to help?

Mr. Whelan: It is 6 per cent below the banks.

Mr. Epp: Yes, and it is 1.75 per cent above my credit union. There are financial institutions—

Mr. Whelan: Yours is one in a hundred.

Farm Loans

Mr. Epp: Mr. Speaker, the minister says that the credit union where I have a mortgage and where farmers have lines of credit is one in a hundred. If that is the case, I suggest that he go to the credit unions, ask them how it is done and then follow their advice.

Mr. Whelan: Don't lecture me on credit unions. I have been a member of them for a long time.

Mr. Epp: The fact remains that 16.75 per cent, no matter what the bank rate is, is too high.

Mr. Whelan: Your minister raised it 2 per cent a year before.

Mr. Epp: That is too high for Canadian farmers. Some might say that we cannot afford to subsidize interest rates for young Canadian farmers at this time, but I do not accept that. I would accept it if this government were consistent, but I have in front of me information on a deal that the Minister of Finance (Mr. MacEachen) has worked out with the Soviet Union for a natural gas project for \$637 million. How much money are we dealing with today for Canadian farmers? Just \$50 million. Yet we are dealing with a loan of \$637 million to be advanced to the Soviet Union. And at what per cent?

Mr. Regan: Why?

Mr. Epp: And at what rate, I ask the Secretary of State (Mr. Regan), when he asks why? At 10 per cent, Mr. Speaker. And for how many years? For 12 years. I ask the minister, if that is the kind of deal these fellows in this new Department of External Affairs who deal with imports and exports are getting for us, why he was so weak in cabinet that now he has to tell Canadian farmers they have to pay 16.75 per cent, but that the Soviet Union can be advanced money at 10 per cent. How weak is the minister?

Mr. Whelan: That is because we are exporting some financed at much lower rates than that to the Soviet Union.

Mr. Epp: That does not make me feel any better.

Mr. Whelan: I didn't believe it would.

Mr. Epp: If Canada cannot afford to subsidize farming—and by that I mean giving the farmers the loans they need—how can we afford to subsidize the Soviet Union and its citizens for the next 12 years? I wonder how many young farmers would be willing to accept a loan from the FCC today at 10 per cent for the next 12 years! How long do you think the line-up would be? Yet we are saying to the Soviet Union, "Yes, Soviet Union, we will do it for you". We see the Prime Minister going off to this location and to that location, handing out money here and handing out money there.

Mr. Whelan: We gave \$3 million to your corn growers in Manitoba interest free. Potato growers get money interest free too.