

Farm Credit Act

that the first \$20,000 on the unsupervised loans will bear an interest rate of 5 per cent; that rate will remain. Then any additional loan will be at an economic rate, and this would bear a relationship to the rate of interest at which we borrow money. Apparently we borrow our money four times a year. I am referring to the federal government. The interest rate on this money is 5½ per cent. To this you would add the cost of operation, which would be .87 of 1 per cent. In addition to this there would be possibly one eighth per cent for provision for bad debt on new loans—not on present loans. It would be on the additional amount between \$20,000 and \$40,000, \$27,500 and \$55,000. This is what the amendments really say.

Mr. Douglas: Mr. Chairman, is the minister saying the government is paying 5½ per cent for the money which it borrows? This seems a fairly high rate of interest. Is this money borrowed on the open market with 20-year bonds? It seems a fairly high rate of interest for the federal government to pay.

Mr. Hays: In this regard we are speaking of 20-year money, for which today we are paying 5½ per cent.

Mr. Whelan: Mr. Chairman, if I understand the position correctly—

Mr. Pigeon: Filibuster.

Mr. Whelan: Under clause 1 we can talk in generalities. You can be sure that I will be pretty general on this subject. This clause provides that beekeepers shall be called farmers for the purpose of borrowing money. I would say that most farmers I know have been associated with the beekeeping industry for a long time, because they have been stung so often by busy bee politicians, or whatever you want to call them, and they are so dubious about this act that they are worrying how badly they are going to be stung again.

Mr. Pigeon: Very humorous.

Mr. Whelan: Looking over all that was said yesterday, mainly by the opposition, it put me in mind of a phone conversation I had with my wife about three weeks ago. My wife runs my farm at home.

Mr. Simpson: What clause is this under, Mr. Chairman?

Mr. Whelan: Generalities. I asked her what was going on at the farm, and she said they had had a terrible windstorm. I said, "I can't understand this, because John and Mike were both in Ottawa and there are no people from

[Mr. Hays.]

the front benches on either side, that I know of, who have been down in that area". I asked, "How bad a windstorm was it?" She said, "It was a real bad one". I said, "How bad?" She said, "It blew everything off the farm but the mortgage".

All that was said yesterday by the members of the opposition added up to one thing, that for the last six years they have recognized that the Farm Credit Corporation was not meeting the needs of agriculture. The Conservative government of Ontario recognized the failure of the Farm Credit Corporation to meet the needs of farmers in that province; they recognized this failure by their action. In the first instance they discontinued the junior farm loans, this great saviour that was brought in and which was going to meet the needs of the farmers in Ontario. They recognized the failure of the federal government quicker than did most people.

Mr. Danforth: Did the hon. member say they have taken it off?

Mr. Whelan: They did, and then they re-instituted the junior farm loans, because they recognized the failure of the previous Conservative federal government to meet the needs of agriculture. Mention was made yesterday of interest rates. I am not 100 per cent in favour of the proposals in this bill, but I would point out to hon. members of this house that well over 55 per cent of all money borrowed by the farming industry of this nation is borrowed at a higher rate of interest than is proposed in this bill. Too many of our farmers are turned down by the Farm Credit Corporation and stay in the farm business by borrowing from modern Shylocks at high rates of interest and bonuses, or by borrowing from the finance companies. I noticed an article in the bulletin put out by the Canadian Federation of Agriculture—I think all hon. members will have received this—which says:

It may be noted that for personal loans the banks are now charging, in effect, well over 6 per cent (more like 10½ per cent), if service charges and the reduction of the loan through amortization are taken into account.

I think it was rather ironic last night when I went back to my office and opened the mail at six o'clock and found a letter that asked when this bill was going to become law. This man wanted to borrow \$40,000 to extend his greenhouse industry. There has long been a need for this money for the farmers of western Ontario, where a high investment is made for a very ordinary return. A good many farmers in western Ontario, as members from