answer is to keep the "front end" loading costs down. On front end loading costs, the classic example is the interest charge which is paid the minute you take the loan. It may take you a year or two years before you get a cash flow back from the expenditure of that money. If you keep those charges low, the farmer is able to navigate on his previous income and have a better chance of paying the interest and the principal on his debt. In return for this, if he keeps the front end loading charges low, the farmer or small businessman has to be prepared to share the profit.

So I suggest, as I suggested during the Small Businesses Loans Act debate, that under these regulations the minister should put in alternative clauses which would allow a farmer to borrow money, not at prime plus one, as the present regulation calls for as announced in the press release, but, let us say, at 7 per cent or even as high as 7.5 per cent or 8 per cent, on condition that after the debt is paid off totally, the farmer will put back into the bank part of his extra income he will now earn for a certain number of years, which he will work out together with the bank in a mutual arrangement. That will give the bank or the credit union a market return on the money.

This is not a new concept. It is used over and over again in business, particularly with interest rates as high as they are now. Business uses this as the main technique of getting low interest rates.

I do not want to repeat the entire speech which I delivered two weeks ago, but the same principle applies to this bill, namely, that if the banker or the credit union manager who wants to lend money under this act knows he has a guarantee from the government for any losses, a good deal of which will be paid for by the government, is willing to sit down with the borrower and work out a hypothetical cash flow for one, three, five, ten, or 12 years, whatever it comes to, and take the smallest amount of interest he can get away with—I suggest the figure of 7 per cent or 8 per cent would be reasonable and normal in this period of inflation—and then the farmer would be willing to give a certain percentage of the extra profit for a number of years until the lender feels he has been reasonably well compensated—and you can show that from the farmer's net return each year—they will both be better off.

I would like to have the opportunity to put a big chart out in front of hon. members to show examples of how this works. But all I will do is content myself with the story I told weeks ago. A Canadian company last summer wanted to borrow $30 million on a very risky enterprise. It was proposed to the lenders that the interest should be no more than 8 per cent, so that in the first two or three years of this operation, when the cash flow would be negative, it would not be too heavy a load to break this marginal operation.

The lenders went back and took it up with their own government. They came back two or three months later and they said: "We worked out several of these hypothetical cash flows and we figured out that if we only charged you 5 per cent interest, you could pay the debt back that much sooner and we could get the percentage we talked about sooner. Over the 25-year life of the contract we will make more money out of it by getting you to pay off the debt quicker with the smallest of the front end loading charge."

The benefit of this to the lender was obvious. Naturally the borrower was delighted because in the risky first two or three years of the operation, if the costs are low enough you can keep on surviving each day, and then you get a chance to live long enough at the business to pay both the principal and interest quickly and you do not mind sharing a percentage of the profit afterwards. I know this works for small business if they can persuade the lender to give them that type of deal.

I would not be reluctant, if I were in the minister's position, to try that out on the Department of Finance. I suggest that he should talk to one or two of the banks first, particularly the top-notch agricultural men—and he knows who they are as well as I do—to see if he could not get one or two examples from them. Perhaps he could put it as one alternative in the regulations that the farmer would have the choice of taking the interest rate as prime plus 1 per cent, or the alternative of working out the kind of deal to which I referred. You might find bank managers and managers of credit unions who are knowledgeable in the techniques of farming who would realize that it is better to make more money out of a deal than it is to charge a high interest rate at the beginning and risk trouble for the farmer. I think that the farmer today would be very unwise, with the high price of products nowadays, to borrow too much money at a high interest rate. That is why I think he would tend to take the other alternative. I would like to assure the minister that if he would try this idea on the Treasury Board and would get the regulation through, he would have the support of at least some of us on this side and, we hope, on his side as well. I think this would apply to many other things also.

Thank you, Mr. Speaker, for letting me have this opportunity to put this viewpoint on the provision which deals with interest rates. I hope that the Minister of Agriculture will continue his fight, with the support of all of us in the House, to get back other things for the Department of Agriculture. I still want ARDA back where it belongs. I still want PFRA where it belongs. I still want PFRA made into a national institute servicing all of Canada, not just the prairies. Agriculture in the next two or three decades, as is so clear, will become tremendously important because it is the farmers who will produce the great bulk of the energy supplies of Canada and other nations in the future. They can do so now at prices which are competitive with other sources of energy, and I think we can do so without interfering with the present land use.

These ideas have been in my mind for a long time, as many members know. I think the minister has a great opportunity, at this time in our history when people are worried about supplies of energy and about costs, to take the lead in the fight to get the administrative machinery, which can do all these things which are in place now, back in the department. If the minister did that, the farmers of Nova Scotia could produce all the energy they need down there, without having to drag in this expensive stuff from the west. Likewise, that would be the case