

Farm Improvement Loans Act

departments. The provinces have the right in law to set up their own branches of government, to conduct inspections and carry out the investigation of their own branches as thought necessary, without any assistance from the federal government. In spite of the fact that the act has been in existence since 1945, the treasury branch in Alberta has never applied to the federal government for guarantees. Indeed, even if these were offered I am sure they would not be accepted.

The hon. member also knows that the treasury branches can make these loans to farmers whenever they like. Under section 95 of the British North America Act the provincial governments have almost equal power as far as providing services to agriculture are concerned. In fact, they have made such services available. Not only Alberta but other provincial governments have done so in this field. I do not accept the argument that the province of Alberta wants the federal government to guarantee these loans to farmers. I can recall many times during the 'fifties and early 'sixties when the treasury branches did in fact make many loans to farmers for the purchase of equipment.

Mr. MacInnis (Cape Breton-East Richmond): That was in the free money days.

Mr. Olson: They lent it at 5 per cent when the chartered banks were charging 6 per cent on most of their loans. As I say, there is no need for this kind of guarantee and I do not think it would be appreciated by the province of Alberta.

• (8:50 p.m.)

Mr. Harkness: Mr. Chairman, so far I have taken no part in the debate on this measure but the remarks which the minister has just made, which I think were quibbling, concerning the difficulty in determining interest with respect to short term loans raised by the dominion government, have caused me to rise to my feet. There should be no difficulty whatever for the federal government to compute on a three month or six month basis the cost to it of short term money. That would be on three month and six month treasury bills. These are issued every week and, as I say, there should be no difficulty determining the rate of interest. From that point of view the amendment moved by the hon. member for Crowfoot is absolutely in order.

What concerns me more is that this clause gives a blank cheque to either the Minister of

[Mr. Olson.]

Finance or the cabinet, I do not know which, to set the interest rate at any figure he or they wish. The House of Commons has always been loath, indeed very chary, in giving blank cheques to the government in office. It is a bad practice to do so. It is particularly dangerous in view of the fact the present government is one which does not to any large extent represent the agricultural interests of the country. It is chiefly representative of urban areas. It is a government which has probably less consciousness of the needs of agriculture, and of what can be done to agriculture by acts of government, than any other government that has been in office in Canada.

The reason for that is not the fault of the government. The reason is that this is more and more becoming an urbanized country, and it so happens that the number of members on the government benches coming from rural areas is the smallest, percentage-wise, of any government we have had in this country. That is one of the reasons why it is dangerous to put into the hands of the minister, or the government, the power to set these interest rates. And so, Mr. Chairman, in accordance with what has been past precedent so far as parliament is concerned, the government should not be given a blank cheque in this regard. Therefore there should be some saving provision such as the one provided in this amendment. If there is any real objection, and I do not think there can be, to placing the figure at one quarter per cent above the cost of short term money to the government, then a definite maximum should be stated, such as 7 per cent or something along that line.

Mr. Peters: Mr. Chairman, the amendment moved by the hon. member for Crowfoot is probably acceptable, except that I do not agree with the principle that the interest rate on farm loans should fluctuate with the general market interest rate. If farmers must receive assistance on the matter of the interest rate it should be through the form of subsidization.

Farm economy is so dependant on the borrowing of money that I believe we must think of this matter, not in terms of the banks and other lending institutions but in terms of the agricultural industry. Since this amending bill will cover borrowing for the acquisition of land it has a long term aspect, and for that reason we should be careful about freeing the interest rate and allowing it to fluctuate according to the market rate.