

Farm Improvement Loans Act

and trust companies come back to us in 18 months or two years and show they have been giving this service to Canadian farmers at a loss, I think that as fairminded people we would be willing to raise the differential by, say, half of one per cent, to make sure that these companies do not work for nothing.

The Chairman: Order, please. I regret that the hon. member's time has expired.

Mr. Muir (Lisgar): Mr. Chairman, I rise not to delay the passage of this legislation but to get some answers that I feel we did not get yesterday to questions that were posed by members of the opposition. I hope the minister will come back into the chamber for a few minutes because that is all the time I am going to take, and if he is not here I will have to ask these questions all over again.

Mr. Gray: Mr. Chairman, may I reassure the hon. member that I am here in my capacity as parliamentary secretary to the Minister of Finance to assist—oh, here comes the minister. I was going to say I would take careful notes of the hon. member's points and bring them to the minister's attention, but I guess his representations penetrated behind the curtain and the minister has returned.

Mr. Muir (Lisgar): I noticed that the minister was back and I thought he might as well be comfortable in his seat. It is obvious from the remarks made by hon. gentlemen on both sides of the chamber that we are all agreed that this bill should be passed as expeditiously as possible. It is also obvious that the prime object of the bill is to make money available to the farmers at the fairest and most reasonable rate of interest that we can devise and, at the same time, assure the availability of the necessary funds. I think we are all agreed on this.

• (4:00 p.m.)

I am led to believe also, from the remarks the minister made yesterday, that he has finally agreed that the interest rate should be tied to some formula announced in advance, as part of the regulations under this act. So far as the formula is concerned I have a feeling, which I believe is shared by my colleagues on this side of the house, that in his answers yesterday the minister engaged in a little bit of hedging. I may be wrong and perhaps the minister will take the opportunity of clarifying the situation after I complete my remarks. Although he stated the rate of interest would be comparable with that paid

on government bonds, in my opinion he did not come right out and say whether he meant long term or short term bonds or whether the interest on the loans would compare with the interest on a bond with a similar repayment period. Is the minister suggesting that multiple interest rates would be applied to the loans, depending upon the length of the loan period? I hope the minister will give us a clear, unequivocal answer to this question so we can pass this legislation and make it available to the farm community as quickly as possible.

The minister also said there will be some additional costs attached to these loans over and above the interest charge. Since there is no mortgage to be processed under the provisions of this legislation, I personally feel that there should be no added costs. I fail to see where an added cost factor would enter into a loan program of this type. Perhaps the minister would explain to the committee how much this added cost would be. I am sure that if the committee could get satisfactory answers to these questions there would be no delay in getting the legislation approved. I am just reiterating to the minister that we want to know whether the interest rate is to be tied to long term or short term bonds or whether it is going to be set according to the length of the loan period. In the latter case, I suggest we would probably have multiple interest rates. As I have said, if the minister can give the committee answers to these questions there should be no delay in getting the legislation approved.

Mr. Olson: Perhaps I could answer the hon. gentleman in about a minute and a half by saying that I have not been hedging with hon. gentlemen opposite. I have given them all the positive information I have at this point in time. We have to recognize, and I repeat this, that the banks are lending their own money. We do not have any legislation now, and we do not want any legislation, that will give the government the power to direct the banks to lend their customers money at any particular rate of interest. What we can do, and what we will do, is to suggest a maximum rate under which we will guarantee these loans. In other words, we are not going to guarantee a loan if the maximum interest rate is not low enough to enable the legislation to provide a service to the farmers, not to the banks but to the farmers.

I have to say this to hon. gentlemen: we think it is reasonable that there should be a slightly higher charge for these loans than for