

moderate indeed. They point out that the original appraisal still applies, if the second mortgage or additional credit is asked for within five years. They further point out, as I am sure Senator Phillips knows, that if a farmer who has a low interest rate mortgage from the Farm Credit Corporation applies for and receives additional credit, he still retains the benefit of the initial low-interest rate because the new rate is a blend of the old rate and the current rate which has the effect of giving to the farmer the benefit of a rate which is lower than the present or prevailing rate. So, in fact, the farmer does not lose the advantage of the low interest rate on his old loan.

I agree that interest rates for farmers obtaining credit from the Farm Credit Corporation have often been rather high in relation to the productive capacity of their farms and the ability of the farmers to repay their mortgages, but the fact is that the rate has been set in relation to the prime rate of interest paid by the Government of Canada. I believe it is 1½ per cent above this prime rate. In other words, the farmers pay the penalty of high interest rates when interest rates are high, but they achieve lower rates, of course, when interest rates are down.

It has been pointed out that in years gone by farmers who obtained loans from the Farm Credit Corporation sometimes paid interest rates as high as 8½ per cent. Recently, however, interest rates have been coming down and today they are at 7 per cent, which is certainly a much better situation than prevailed a couple of years ago.

Last night Senator Macdonald suggested that the farm organizations were really highly critical of this legislation. He quoted quite accurately a statement by the National Farmers Union in which it would appear to be opposed to this kind of legislation. The Canadian Federation of Agriculture wanted loans in certain instances to farmers farming on a co-operative basis to come up to one-quarter of a million dollars. But I would point out that even in the light of all these criticisms, Bill C-5 passed the other place on second reading and again on third reading with unanimous support of members from all parts of the house. It would seem to me that if the rather violent criticism of the National Farmers Union had had any great appeal, certainly the NDP would have gone along with their criticism and voted against it.

• (1500)

Hon. Mr. Flynn: You should know.

Hon. Mr. Argue: Of course I know. I read *Hansard*. I know the point that my friend is making, and I tell him I was never a member of the NDP.

Anyway, honourable senators, I have read their remarks. The Conservative Party moved an amendment asking for lower interest rates for young people when the loans are supervised, and the NDP amended that motion to ask for lower interest rates for young people—period. I am not persuaded that if the Farm Credit Corporation wished to apply a lower interest rate on certain loans, that that lower interest rate should depend upon the age of a farmer. I do not know what is so sacrosanct about age, and if a young farmer of 21 years of age wants to farm, or if a man of 45 years of age who is a small farmer wants to increase his holding by a small amount, then you will have to do a lot of talking to persuade me that the man who is 45 should not have just as low an interest rate as the

[Hon. Mr. Argue.]

young man of 21 starting out as a farmer. Personally, I should like to see an amendment to the Farm Credit Corporation which would be a change of policy and provide lower interest rates on perhaps the first \$30,000 or \$40,000 as an incentive to small farmers to increase their holdings and stay on the land, just as it would be an incentive to a young person to buy a small farm.

As I read the trends in our nation today, one great trend, of course, is for technological change, technological development and huge corporation-sized farms. But there is another trend which shows the desire of people to get out from the big cities to farms and small holdings. I think we are a little ridiculous in this country if we follow policies that encourage the consolidation of farms so that they become very large farm units—in fact almost to the extent of being factories—thus causing thousands to leave the land and go to the big cities where they hope eventually to become millionaires so that one day they can buy a place in the country to get away from the smog, the turmoil and the trouble of big cities. There should be a section in the legislation which would provide for lower rates of interest to act as an incentive to farmers to expand small holdings, as well as to make improvements. There should also be loans to enable people to get away from the confusion of the cities and enjoy the rural life and the amenities of living in the country.

I also agree with those who have pointed out just how hard farmers work. I am appalled by the number of people I run into who think that farmers, no matter where they live, are in such a favourable position that they work short days, short weeks, short periods of the year, and that they have long, long periods of leisure. If I may introduce a personal element into this discussion, I telephoned a farmer the other night in Saskatchewan who happens to rent a piece of land from me. It was 10 o'clock their time, and I spoke to his wife. I asked if Eli was home and she replied that he was in from the field but that he had just gone out to the west quarter to check the cattle. She said, "If you want to talk to him, you had better call close to midnight or about five o'clock in the morning."

Honourable senators, the farmers have not reduced their working week; they have expanded their holdings. They have acquired more land and have expanded into cattle production. In the vast majority of cases they are working just as long a day as they can. They are working to their maximum capacity and receiving a small net income in return. But difficult as the farm situation is and difficult as it has been, there is a turn taking place. I believe we are on the upgrade now and things are improving. Things are certainly improving on the Prairies. Beef production is improving and the price of beef is going up. I have in my hand the latest statistics on farm cash income, those of January of this year, put out by Statistics Canada. The report says:

Preliminary estimates indicated that during January 1972, farmers' total cash receipts from farming operations in all provinces except Newfoundland totalled \$327.4 million, 10.9% more than the \$296.1 million realized during the same period of 1971.

I would think that this increase of 10 per cent or more will be carried through, and I certainly hope that this improving condition continues for a long time.