

Oral Questions

components, and it is not prepared to give incentive pricing on the very small percentage of petroleum products it uses.

● (1130)

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member is extremely misinformed, to say the least. He claims that the Government task force is letting the industry go under. Perhaps I might remind him that the task force included representatives from the industry. In fact, in discussions I have had with representatives of various industries, I have never heard any complaints about the recommendations in the report prepared by the task force.

Perhaps my hon. friend should first find out what the petrochemical industry's attitude really is to the task force report. As I pointed out, we have already taken a number of measures. The Hon. Member is asking whether we are very interested in this sector. I would remind him that as recently as last year, the Government of Quebec and the Government of Canada set aside \$50 million for Pétromont. That is a lot of money, considering the fact that it is being spent on only one of many companies that are experiencing a number of problems at the present time.

The Canadian Government has demonstrated its interest in this sector, and we have already taken a number of measures. However, as in other areas, the Hon. Member should realize that there is a limit to the amount of public money that can be allocated to a given sector.

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[English]

FARM CREDIT CORPORATION
IMPENDING INTEREST RATE INCREASES

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, my question is also directed to the Minister of Finance. Farmers are reeling from negative indicators this year, including the one mentioned earlier today regarding subsidized beef from the European Community, lower initial prices for prairie grains, and high taxes, including those on farm fuels. Now the Farm Credit Corporation is saying that it will raise its interest rates again in the very near future. Can the Minister state whether or not he is prepared to intervene regarding these extraordinarily high increases in interest rates to 14.5 per cent and 15.5 per cent respectively by a Corporation that is intended to be the farmers' lender of last resort? Can he tell the House why the Government is trying to milk every cent from the farmers' pockets this year?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, first, if there has been an increase in fuel taxes, my friend would have to address that question to the Government of his own province. There has been no increase at all in the federal taxes on farm fuels. As a matter of fact, as the Hon. Member knows, we reduced the tax on natural gas to zero last year,

thus cutting down the taxes paid by the Canadian consumer by \$800 million. My friend should know that that is what we have done.

As far as the Farm Credit Corporation is concerned, the Hon. Member also knows that the Corporation knew a significant loss last year. The Farm Credit Corporation is supposed at least to break even, and it did not succeed in doing so last year. It may not succeed in doing so this year either. However, the mandate of the Farm Credit Corporation is to try to help the farmers obtain loans by offering them the best possible prices that can be obtained on the market. However, the Farm Credit Corporation must lend money on the basis of the price it pays for the money it borrows, with a very small additional margin to pay for its operating costs. That is helping the farmers, not hurting them.

Mr. Schellenberger: Mr. Speaker, there is also a significant loss created when farmers are forced off their farms.

FARMERS' ABILITY TO REPAY LOANS

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, last year the accounts of the Farm Credit Corporation were in arrears to the tune of 11 per cent, and those arrears are expected to be well over 12 per cent this year. Considering the world commodity price indicators, can the Minister state whether any farmer will have the capacity to pay back the loans that he will be faced with for five years to 20 years, at interest rates of 14.5 per cent to 15.5 per cent? Given these indicators, can the Minister offer these farmers any hope as they face these kinds of escalating interest rates in the near future?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I have indicated repeatedly here in the House, throughout the country, and abroad, that we are very concerned about the increase in interest rates that is taking place in the international markets these days. The Hon. Member knows about our interdependence with the United States in particular, concerning interest rates.

If the Hon. Member has any doubts about the Farm Credit Corporation, the farmers do not seem to share his doubts since the loans made by the Farm Credit Corporation over the past two years have gone from something like \$500 million a year to over \$800 million a year. Farmers recognize that the Farm Credit Corporation is an institution that is at their service, and they are ready and willing to make use of it because they find that it is in their best interest to do so.

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ENERGY

PRINCE EDWARD ISLAND ENERGY COSTS—GOVERNMENT
POLICY

Mr. Tom McMillan (Hillsborough): Mr. Speaker, my question is directed to the Minister of Finance. The Minister