

advanced by the minister, that under the Bank Act, up to the time it was amended, there was an automatic ceiling of 6 per cent. This is a different situation altogether.

Mr. McCleave: Mr. Chairman, since I raised my original question a few minutes ago we have heard the minister's answer to a question put to him by the hon. member for Oxford in which the minister said the rate would not go up to 10 per cent. Therefore it seems to me the minister admitted that a formula does exist. Could we now ascertain from the minister with more exactitude what the formula for borrowing by our Canadian farmers would be? This is a request from a very reasonable person, a city boy somewhat cowed by these country problems, although I do have a farm area, now, which I did not have before.

I think I have a legitimate question. Could the minister tell us on what basis this formula is being arrived at, so that we could possibly pass this legislation in the next 22 minutes and go on to something else. The minister gives us very bland answers. First he waffled with regard to the question of the hon. member for Oxford, and then he said very definitely that the rate would not exceed 10 per cent. But we do not know on what basis he arrived at that answer, and I think we are entitled to know it. I have seen him moving 22 or 25 feet from his previous position in this chamber to where he is now, and I have also seen some changes in his economic ideas over every one of those 25 feet. But, political sparring aside, I hope he will give us an answer to what I regard as a basic question on the bill before us.

Mr. Olson: The hon. gentleman is entitled to as near an answer as I can give him. I am sorry, but I do not think he has read the explanation that I gave the other night. I said that I fully expected—and the Minister of Finance was here at that time—that we could perhaps under the government guarantee reduce the interest rate that farmers are paying on some of these loans. I know that on some of the loans the rate goes up to 10 per cent and over, but the average rate is substantially below 10 per cent, even now that farmers are borrowing without a government guarantee. What is more, we think it will be even more attractive with the government guarantee. Otherwise there is no purpose to the act. This is the only reason I could give a categorical answer that it will not be 10 per cent.

Farm Improvement Loans Act

Mr. McCutcheon: Can I infer from the minister's remarks that the current interest rate is between 7 and 10 per cent?

Mr. Olson: This is not a guarantee. At any rate my hon. friend knows that there are various interest rates. A successful farmer with a good credit rating, who has made his payments to the bank on time—and there are many of them—and who has not borrowed more than was reasonable to meet the amortization, can receive favourable interest rates even now. But there are others under different conditions who pay substantially more. Therefore what we want to do is to set a guarantee at a rate somewhere below the average now, so that the banks will give the same rate to all customers who apply for it under the act.

Mr. McCutcheon: Mr. Chairman, would the minister answer the question of an ordinary country boy who is trying to get a look at this just society?

Mr. Olson: I am also an ordinary country boy and I do not know all the various interest rates that are being paid by farmers all over the country. If I were to tell hon. members, I would be only guessing. I know what the bank charges me, but I do not know whether it charges my neighbour any more, when there is no guarantee.

Mr. MacInnis (Cape Breton-East Richmond): Mr. Chairman, I would like to correct the minister's impression with regard to previous legislation. He has already been corrected on the matter of small business loans. Now I would like to correct the very misguided impression he has with respect to student loans. Is the minister not aware that that legislation provided interest free loans for at least three and a half to four and a half years?

• (9:40 p.m.)

Mr. Olson: That is right. A student does not pay the interest. But my hon. friend knows that the government does.

Mr. MacInnis (Cape Breton-East Richmond): Why does the government not pay the farmers' interest, too?

Amendment (Mr. Horner) negatived: Yeas, 56; nays, 76.

The Deputy Chairman: I declare the amendment lost. Shall clause 2 carry?

Mr. Korchinski: Mr. Chairman, a lot of the arguments which have been advanced in support of the preceding amendment might satisfy me, but I am very disturbed that, for some