

Farm Credit Act

Mr. Rapp: Mr. Chairman, I should like to have some clarification with regard to beekeeping. I cannot see where in this paragraph it says a beekeeper can obtain a loan. Can he obtain a loan if he is strictly a beekeeper, or does beekeeping have to be a sideline? If he farms half a section of land and has a couple of hundred hives can he obtain a loan strictly to improve or get more hives? Must he be strictly a bee farmer?

Mr. Hays: If he wants to be a bee farmer, a grain farmer and a livestock farmer, as is my hon. friend, he can be so. If he wants to retire and go to town, and be a bee farmer all by himself, this will take care of him too.

Mr. Nasserden: With regard to loans made to sons and relatives, does the unit the young person is going to set up have to be an economic farm unit?

Mr. Hays: We would hope it would, but we might see the son starting off on a modest venture, and he would probably be sharing his father's equipment and increasing his unit from time to time.

Mr. Nasserden: Am I correct in assuming it would not have to be an economic farm unit?

Mr. Hays: Not necessarily, if he were just beginning.

Clause agreed to.

On clause 4—*Interest on part II loans.*

Mr. Hamilton: I want to make now the remarks I originally intended to make on this amendment. First of all, I would like to remind the members of the committee that the subject of interest rates has been the core of the whole debate on farm credit ever since the bill was introduced originally. I should like to read into the record the original clause introduced in this house on June 29, 1959, and then I think the history will become dramatically clear. Section 9(c) read:

Interest rates on loans shall be at a rate that, in the opinion of the corporation, is sufficient to provide for the interest payable by the corporation to the Minister of Finance and the expenses of the corporation, including reasonable provision for reserves against losses.

This was the original draft brought into the house in June 1959. In those days we had on the government side a large number of members now sitting on the opposition side, who stood up in their places and said they did not want that provision as it was. The government of the day yielded to the mem-

bers of the government party and changed that clause 16(c) to read as follows:

The interest rate on loans shall be 5 per cent per annum.

In the amendment proposed it is stated that section 16(c) shall be repealed, and that is why earlier today I mentioned the doubt in my mind whether the forces that want high interest rates back in Canada had won a victory over the Minister of Agriculture. I wonder, in view of the struggles we had in 1959 to get the principle of the stabilized interest rate of 5 per cent for agricultural loans, whether that principle has been lost to a degree in these new amendments, and particularly in this amending clause 4.

Once you get it accepted that you are going to depart one step from the principle of stabilized loans and apply a variable rate of interest to loans above a certain amount, it is not much of a step backwards to try and apply that principle—as finance people try to do—over the whole of the original part of the loan.

Today we have accepted in effect that we are going to put amendments through that will allow for the keeping of this 5 per cent principle on loans up to \$20,000 under part II and on loans up to \$27,500 under part III, but will the minister give the committee his assurance, and I hope with it the assurance of the whole government, that there will be no further steps taken to try and change the 5 per cent rate on the first part of the loans up to \$20,000 and \$27,500, to this variable amount?

This assurance from the minister would be a great help to us in the opposition. We belong to the group that fought for and won the principle of stabilized interest rates. Now the minister is varying the rate for the higher amounts. We are not going to quarrel with this too much, but if we do accept this one step does it mean the minister will be coming back and asking for the same principle to be applied to old loans?

The second question I would like to ask has to do with the variable part of loans. As I understand the principle now, when the interest rate goes up every three months, when the interest rate is set by the Department of Finance, the Farm Credit Corporation under this new amendment will be duty bound to sit down and decide what the interest rate is going to be for loans above \$20,000 under part II and above \$27,500 under part III. Will the new contracts needed for the next three months be at this new interest rate?