

*Farm Improvement Loans Act*

an unhealthy environment, and no economic security whatever. What are these people going to do?

In case I am considered a dreamer, with only a sentimental attachment for the land, I would point out that this is not so. The world today needs the produce of Canadian farmers, and in the long run I do not believe we will produce more or better food if we return to the feudal system.

We are mining the land. We are destroying our villages. We are reducing the income of individual little people. If the government persists in this idea of taking small farmers off the land and enlarging the feudal estates it will depart a long way from Liberalism's dream in the last century. I say to the government: be honest about it. Admit you are going to create feudal landlords, to be friends of the big money men and of the big landlords. It is a strange thing that I have to stand on the so-called blue Tory side of the house to remind government members of the type of principles which made Laurier great. He saw this matter clearly. If I had lived in the days of Laurier perhaps I would have been a Liberal, but I cannot be that now when the Liberals are giving only lip service to the cause of looking after the small people. There is certainly nothing in any of these four pieces of legislation to lead me to believe that the government has a sensible approach to agriculture.

The farmers are asking for nothing unusual. The question is, what interest rate should we charge them on the money that is being made available? Yesterday I said that a rate of 5 per cent may have been all right ten years ago. But now there is inflation which has been aggravated by the government pouring large amounts of money into the wrong sectors of our economy, to help the purchase of land at wrong prices by the wrong people.

It is a paradox that when we cannot sell our agricultural products for a decent price the price of land is still going up. Is it because the farmer is really making a big profit and hiding it some place? Or is it a fact that land is rapidly going into the hands of people who are not agriculturalists, who are using it as an economic trick to get out of paying income tax and bearing their proper share of the country's economic burdens? While these people are doing this they are taking a living away from those whose birthright it is to make a living on the land.

The Farm Union of Alberta, at least, agrees with me on what the formula should be for

lending money. They say we should have a realistic rate of interest for money lent to small farmers. The only excuse for lending money below the normal bank rate of interest is that a cost-price squeeze is operating against the small farmer that he cannot meet without some type of assistance. The fairest way to give the small farmer a break is by lending him money at a reasonable interest rate, and I believe that the interest rate should float with the cost of money. I do not suppose that the government has it entirely in its power to prevent inflation, but it does have the power to lend money to small farmers at a rate which has a bearing on the cost that the government itself pays for money. I am not an actuary but I would suggest a formula of 1 per cent above the Bank of Canada lending rate.

I do not think we have to consult the banks about this because by the preamble to this bill we see that there are lending institutions in Canada that are willing to lend money on an assured deal, on a government backed deal. *Caisses populaires*, credit unions and so forth are in the money lending business, and they would be only too delighted to handle these farm loans when the government guarantees them a return on their money.

As I say, the rate of interest should float with the cost of money, and the only source that has large amounts of money in Canada is the Bank of Canada which sets the bank rate. So, let the farmers have their loans at approximately 1 per cent over the bank rate. I will not quibble with the minister and the government if the rate differential fluctuates between .8 per cent and 1.02 per cent. Over a period of years it has been profitable for the banks to handle this business at a rate of approximately 1 per cent or half of one per cent above the bank rate.

The farmers agree with this suggestion. They are realistic but they want to keep their place within the economy. Naturally, if we have inflation the price of farm products should go up somewhat. There is no doubt that the farmer's costs are going up, and so we should set this interest rate according to a fixed formula based on what we think is right.

This is not the law of the Medes and the Persians. We are changing it every day; otherwise, we would not be discussing it in this chamber. Let us take an honest look at what we think should be a fair rate according to this formula and give it a try. The money will be repaid. If the banks, credit companies