

*Borrowing Authority*

agreed entirely with the remarks of the hon. member for Winnipeg North (Mr. Orlikow). Now I have to go out and take a valium.

**The Acting Speaker (Mr. McCain):** The hour provided for the consideration of private members' business has now expired. I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2000)

**AFTER RECESS**

The House resumed at 8 p.m.

**GOVERNMENT ORDERS**

[English]

**BORROWING AUTHORITY ACT 1979-80**

## SUPPLEMENTARY BORROWING AUTHORITY FOR 1979-80

The House resumed consideration of the motion of Mr. Crosbie that Bill C-10, to provide supplementary borrowing authority for the fiscal year 1979-80, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

**Mr. Lorne Nystrom (Yorkton-Melville):** Mr. Speaker, before the dinner hour I had a few minutes to talk about the bill that is before us today. I was concerned that the Conservative party across the way is borrowing too much money. It has not started off with its priorities straight in terms of the bills it is bringing before this House. My particular concern was the high interest rate policy of the party.

In its five months of government the Conservative party has become known as the high interest rate party. I see a friend of mine from Saskatchewan nodding in agreement. I believe his riding is Kindersley-Lloydminster. He confirms that the Conservative party is the high interest rate party. I am sure that his constituents will be interested to know he is confirming that his party is the high interest rate party. I will be in Prince Albert very shortly where an interesting activity will be taking place. I will make sure the people there know that the Conservative party is the party of usury. It has set the rate of usury at 14 per cent in this country. It seems to be proud of that, Mr. Speaker. I do not think it is necessary at all.

In my riding, and right across the country before the election, that party talked about the interest rate being too high, the inflation rate being too high, and that we had too many unemployed. "If the interest rate is increased to slow down the economy there will be more unemployed," that is what they said. But once it came to power the Conservative party did a double take, and increased the interest rate. It

[Mr. Friesen.]

watches the inflation rate going up and does nothing at all. It does nothing about the high rate of unemployment. Because political parties do double takes like that and break their word, this is a reason why there is a lot of cynicism about this place and about the political process in general.

I am concerned about the effect that the government's high interest rate will have on farming and on food prices. In the *Toronto Star* for October 12, 1979, a headline reads, "Interest rate increases will boost costs of dairy products and meat, official says". Another article has as its headline, "Food-price boost seen over interest-rate rise".

The Cattlemen's Association are saying that the high interest rate means that consumers in this country are paying about 18 cents a pound in interest rates when they buy a pound of meat. In other words, 18 cents of what they are paying goes to pay interest. The same thing is true for other farm products.

I am concerned that Canadian farmers have a real debt problem. Farmers are caught in a real squeeze. They will have to borrow a lot of money and because interest rates are high it will be very difficult for them. Perhaps they will not borrow some of the money they need to maintain efficiency on their farms. Perhaps they will not buy new equipment, repair their equipment, expand their operations, or purchase items they need to produce food. Later on this could create shortages of some food products which will further drive up prices charged to consumers. I am concerned too that this will put a lot of farmers out of business.

I know the Minister of Finance (Mr. Crosbie) is buddy-buddy and has a love relationship with a lot of the large corporations. And he is very familiar with large corporations, I know that. It is much easier for large corporations to cope with high interest rates. All they do is reinvest a lot of their profits and they do their own financing. On the other hand, a small company cannot do that; neither can a farmer nor a fisherman. If a farmer needs to borrow money now he will have to borrow at a high interest rate.

I want to remind the House that we are not dealing here with a small segment of the population at all. In the year ending 1977 the total outstanding credit for farmers was approximately \$10,400 million. My guess now is that that figure is probably past the \$12 billion or \$13 billion mark. These Statistics are from Agriculture Canada. And there were lower interest rates then; so what is going to happen now that the interest rate is very high?

There are other statistics that affect farmers. We find, for example, that the total borrowed by farmers for farm needs in 1979 is estimated at approximately \$8 billion. That is a lot of money, \$8 billion. About 60 per cent of that, or roughly \$4.5 billion to \$5 billion, is for short-term loans. The Farm Credit Corporation has a low involvement in short-term loans. Most of these loans come from banks or from supply company credit. About 27 per cent or 30 per cent, or approximately \$2 billion, is in intermediate term loans from 18 months to ten years, but most of it is for less than ten years. Again, most of this is from private banks and lending institutions. Only 10 or 12½ per cent, or approximately a billion dollars, is in long-