

Farm Improvement Loans Act

The Deputy Chairman: Order.

Mr. Olson: Mr. Chairman, I do not wish to do that and irritate hon. gentlemen opposite; but the fact is that under the Small Businesses Loans Act the government of that day asked for powers to be given the governor in council to set the terms and conditions under which loans could be made.

Mr. Hees: And we outlined the formula that we would use.

Some hon. Members: Oh, oh.

Mr. Olson: In 1964 the government came before this house asking for authority to make loans to students, and the rates there were to be flexible enough so that the governor in council could prescribe them from time to time.

Mr. Hees: But the formula that was to be used was announced.

Mr. Olson: The Farm Machinery Syndicates Credit Act has similar wording in it. That portion of the Farm Credit Corporation Act has been in operation for years. That portion of the loan above \$20,000 under one part of the act, and above \$27,500 under another part, is a flexible interest rate. That is really all we are asking. There are many precedents for it, but we want to be in a position to discuss this with the institutions. Surely hon. members do not want us to come here with laws which will force the banks or other institutions—

Some hon. Members: Yes, we do.

• (9:30 p.m.)

Mr. Olson: I know some of my friends over there might like those kinds of laws; but I do not think hon. members directly opposite would like such laws because that would be tantamount to confiscating the funds of the institutions, to telling them how much they should lend, to whom and for how much. I am not prepared to propose such legislation.

Mr. Moore: Since the minister told us he had some discussions with the institutions before the end of June, may I suggest that the government has had ample time to work on these details. If they have not, I would ask the minister whether he could tell us how much longer it would take to work out these details.

[Mr. Hees.]

Mr. Olson: It will not take very long, once parliament has passed the legislation and has given us the necessary authority.

Mr. Nesbitt: Mr. Chairman, there is just one question I would like to put to the minister. All of us want to be helpful to him in seeking information, but I notice that a number of institutions mentioned in the legislation have raised their rates. In the last few days a number of farmers in my constituency have spoken to me, as well as farmers from other areas who are very concerned about this, because they feel that the rates are going up. It is a common practice—and this is certainly so in the province of Ontario—for credit unions, for instance, to charge 12 per cent on loans, and 1 per cent a month on the unpaid balance. This is what has caused suspicion among the farmers and uncertainty in many people's minds. Inasmuch as the minister and his colleagues will not give us the formula to allay these suspicions, I should like to ask the minister a very straightforward question: Would he tell us whether or not the interest rate on these loans is likely to rise as high as 10 or 12 per cent?

Mr. Olson: I do not think so; in fact, I am very sure it will not.

Mr. Hees: But the minister does not know.

Mr. Nesbitt: The minister did not answer my question. He said he does not think so. This is the kind of answer that worries people in the agricultural areas. That is why we want to have a formula. Can the minister give us a straight yes or no?

Mr. Olson: No.

Mr. Harkness: Mr. Chairman, if the Minister were to compare the provisions under this legislation, so far as setting down the rate of interest is concerned, with certain other acts which were brought in under the Conservative administration, he would be comparing oranges with turnips. The comparison would be invalid, because in that period and up to the time when the Liberal government came into office and changed the act some two years ago, there was an automatic ceiling on loans of 6 per cent. The provisions under the Small Loans Act were such that the governor in council could set the rate of interest, but the maximum rate he could set was 6 per cent. That provision is no longer applicable under this legislation. Now the rate of interest can go up as high as 10 or 12 per cent. I am surprised by the argument