

*Farm Improvement Loans Act*

a just society and allow the financiers to increase or double their profits when they already have a very good profit margin.

If it had been proved to us that the banks really show a deficit or are moving towards one, that they make no profits and have reason to complain of their existing interest rate, we would perhaps be more understanding and amenable. However, nothing of the sort has been proved.

On the other hand, in view of the very small profits of the farmers, of the existing situation in our rural regions and of the difficulties which they have to face with regard to obtaining a farm loan, it is obvious that our farmers cannot stay on their farms.

Last night, I received in my office a farmer who wanted to get a farm loan. He asked me where to apply, and so on, and he is solvent. But when I told him that, if the bill passed, the interest rate might be—the hon. minister does not know and I do not know either—8 or 9 per cent, according to the whims of the bankers and money handlers, he did not feel encouraged to buy the land he wanted.

In view of these considerations and because it has not been proved to us that those who lend money have to face financial difficulties, the hon. minister would have three solutions.

First of all, maintain the present interest rate on farm loans. Secondly, take from the consolidated revenue fund the surplus interest demanded by finance companies or banks. Thirdly, the most logical solution would be for the Minister of Finance to allow a Bank of Canada loan—as is done in other countries—without interest, to the Farm Credit Corporation.

If, tomorrow morning, the Bank of Canada were to grant a loan of about \$9 billion to the Farm Credit Corporation as mentioned in Bill No. C-111, and if that loan were granted without interest, we would stop talking in this house about interest rate increases to the farmers. We would also stop talking about the rising cost of living, and our farmers could keep on being real farmers and stay on their farms.

Therefore, since no solution is offered except an increase in the interest rate, I move, seconded by the hon. member for Lotbinière (Mr. Fortin), that in subparagraph (e) of clause 2 be added after the words "by the terms thereof" the following words:

"That the rate of interest charged by the bank on the loan did not exceed 5 per cent per annum simple interest;"

[Mr. Rondeau.]

Mr. Chairman, this would simply mean that the farm loan would be left as it was in the past pending a more serious study of the farm problem by the Minister of Agriculture. In the meantime, the honourable minister should consider two other suggestions which I made. As for the latter, I think that he understands me and there is no need for me to explain it to him.

Let the Bank of Canada grant to the Farm Credit Corporation an interest free loan and then our farmers will be happier. I think that the hon. Minister of Agriculture would also be happier and a better Minister of Agriculture.

• (5:00 p.m.)

[*English*]

**Mr. Olson:** Mr. Chairman, I should like to advise the hon. member that there would be no purpose in bringing in this act for amendment at all if we were to accept his amendment because the rate of interest was 5 per cent up until the end of June, 1968, but several months before that the banks had stopped making loans to farmers at that rate of interest. The whole purpose of bringing in these amendments is to make adjustments so that the banks and other financial institutions will in fact lend their money to the farmers at a government guaranteed rate something below the going commercial rate at the present time. For that reason, therefore, we could not accept this amendment.

**Some hon. Members:** Question.

[*Translation*]

**Mr. Fortin:** Mr. Chairman, we believe that the amendment is in order. This goes without saying, since we believe that now is the time to give farmers the opportunity to make profits rather than always give the chance to bankers.

I would like to make a remark to the minister and that is why I am pleased to second the motion of the member for Shefford.

We know for a fact that the six biggest banks in Canada have made greater profits in the last six months ended on April 30, 1968 than ever before in their history and the minister asks us permission to beg that high finance, which grows at the expense of the little people, to condescend to make excessive profits at the expense of small farmers. Therefore, Mr. Chairman, we find that a 5 per cent interest rate would be a mitigated solution, between the excessive rate he wants