

Farm Improvement Loans Act

providing loans of this type at 5 per cent without any federal government guarantee because they had the provincial government behind them. No federal government guarantee was needed. For a long time after the chartered banks moved their regular interest rate up to 6 per cent the treasury branches continued to lend money at 5 per cent.

I am convinced that the guarantee, or whatever you want to call it, of the province of Alberta standing behind these treasury branch agencies is sufficient. They could give exactly the kind of service they have given in the past whenever they wished to do so.

Mr. Thomson (Battleford-Kindersley): It seems to me, Mr. Chairman, that the minister is a little vague about the loan companies or associations that are going to be allowed to lend money under this measure. I am left with the definite impression that the minister does not seem very sure about this. I suggest to the government that when this measure is in force they think carefully about it. I should like to give an illustration. A short time ago, an insurance company in Ontario went bankrupt and this resulted in a messy situation. I believe some of the loans this company had made were farm loans. I certainly hope the government will check this type of corporation. Since the minister himself seems a little vague, I specifically want to warn the government about such a situation.

I am a little disturbed about the attitude of the government since it has introduced various measures under which interest rates are to be raised. I am disturbed particularly about the feeling of the backbenchers on the government side that you can borrow your way out of trouble. You can get by for a little while but you are like the fellow who fell out of a tenth storey window and who said when he passed the fifth floor, "I am all right so far". It is unfortunate that something has not been done to increase the volume of wheat sales or the prices of farm products, for this is where the basic problem really lies.

Since the government allowed interest rates to go up in other sectors of the economy I suppose they felt that the farm sector must also have higher interest rates. Things are tough all over, so they might as well be tough for the farmer. I should like to deal for a moment with the legislation. I understand that it is permissive legislation. Does this mean that the government will go hand in hand to the princes of finance to see what interest rate they are willing to accept? I am

[Mr. Olson.]

a little perturbed about this angle. I communicated with some managers of credit unions and managers of banks in my area to try to ascertain what the interest rate would be. I admit that I would be operating at the retail level, so to speak, and the minister would be in a more authoritative position to find out what the interest rate would be for loans of this nature.

The fact the minister seems to be unsure on this question disturbs me. We all know the interest rate is going to be a realistic one. People talk about realistic movies, and they mean you are going to see more. In this case, a realistic interest rate means the interest rate is going up. I am quite perturbed about this. The fact interest rates are going up in all sectors of the economy suggests that the government is in financial trouble and is attempting to do a little buck-passing. It is going to cost the farmers concerned quite a few bucks to pay higher interest rates. These farmers will have to be good managers to pay these higher interest rates or they are not going to be farming very long. This is the way I see it. We will be discussing the interest clause later so I shall make some comments at that time.

Mr. Schreyer: The minister may well be right when he suggests that the provincial administration in Alberta has shown no interest to date in having the treasury branches come under the provisions of this legislation. This is one thing, but surely it would seem logical to leave the option open to the province of Alberta and to those who administer the treasury branches to come under this legislation if they see fit or if they are persuaded to do so by the farmers of that province. I have the impression the minister really has it in mind to exclude them from participation in this legislation. I say it is an unnecessary kind of discrimination when one publicly owned lending institution is not mentioned in this provision. I feel that the idea of a public lending institution as set up in Alberta was one of the finest innovations of the late William Aberhart and Ernest Manning. I am surprised to learn that a former disciple of theirs appears to be so nonchalant about it.

Mr. Horner: Actually, Mr. Chairman, the Minister of Agriculture disappointed me when he said that the treasury branches in Alberta had not been consulted about this measure. He went on to say these institutions