

Farm Credit Act

ernment, then let the minister say so. Are we going to provide legislation that will be beneficial to the farmer, even at the expense of a little money from the government? This is the important feature. As I have already pointed out, I am concerned that we are opening the door for the future in such a way that the interest rate will be increased still more.

We still do not know what the rate is going to be. The minister has not indicated whether it is going to be 6 or 7 per cent. But if the minister wants to raise the rate in the future and wishes to amend the legislation again for that purpose, he will be able to say, on the basis of the precedent we are setting here, that the corporation is again losing money and the rate should be raised.

Is the minister prepared to accept the responsibility of saying that money must be saved for the government, or is he introducing this legislation for the benefit of the farmers? Since the minister cannot give us an indication of the rate we must assume that the amount of money the government is going to save will be very small and that in effect the government is not concerned about the welfare of the borrowers but is perhaps trying to assist the Minister of Finance. What position is the government taking? Whom are they helping?

Mr. Hays: Our whole purpose, of course, is to help the farmers. Under this amendment we are doubling the size of loans. I can see the Farm Credit Corporation lending a total of \$1 billion in the future. I do not know how high it is going to go but at that time I suppose it will be a revolving sort of thing. Many of these loans will never be completely repaid by the original borrower. There is provision in the bill that when a farmer passes on or retires his son can pick up the loan and carry on in much the same way as a man who owns a house and dies before the mortgage is completely paid off. He may own the house all his life and never get it completely paid off.

This is a long range policy. It is tied in with three other pieces of legislation that we hope to have before the house in the next 30 days. It is difficult to explain some of these things until we have all parts of the picture together. This particular piece of legislation will do twice as much, so far as providing capital for farmers is concerned. At the time the Farm Credit Corporation was established I think it was possibly adequate then. But times have changed and now we need to take

the next step, which we have done. We are certainly not discriminating against small farmers because we have not changed the situation so far as they are concerned. But in the case of the farmer who wishes to borrow above a certain amount we are simply trying to see that he does not have to pay an excessive amount of interest, that he does not have to go outside of the Farm Credit Corporation and obtain money at 12 or 15 per cent. I think this provision takes care of this situation.

Mr. Southam: Mr. Chairman, I spoke on second reading of the bill on June 9 and the minister will recall that at that time I registered a strong protest against the interest rate being increased at all. I should like to do so once again on this clause. In listening to the debate and interpreting the mood of the house I feel that hon. members are not too happy about this provision. The minister just said that this amendment is being made in the interests of the farmers. I do not think the farmers are going to feel too happy about increasing the interest rate from 5 to 6½ or 7 per cent, or whatever the rate is going to be, on the additional amount of loan.

In answer to the hon. member for MacKenzie I believe the minister said that only a small percentage, possibly 13 per cent, of the total number of loans are going to be in this category. If we use a figure of approximately 12 or 13 per cent of the total applications, it is obvious we are only dealing with a small section of the total farming population. The extra cost of administration and setting up the tables, to which the minister referred in trying to explain this matter, is going to involve a certain amount of money. To me it appears that whatever effect the minister is trying to achieve from an increase in the interest rates on loans over \$20,000 and \$27,500 is going to be lost. It is going to mean a bigger headache for the advisers in the field in trying to explain the legislation to the farmers.

I think the hon. member for Battle River-Camrose had a good idea when he suggested that this matter should be referred to the committee on agriculture for consideration at one meeting at least. Possibly that would give government members an opportunity to support this provision. The hon. member for Kootenay West said that he was in favour of the low 5 per cent interest rate we introduced when the legislation was brought in in 1959. I have not heard too many members of his