

farms are in the 100 to 200 acre class, and I suggest that help must be made available to these farmers.

I wish to say a few words about the interest on these loans. Personally I cannot go along with the suggestion of the minister or of the government that the interest rate on Farm Credit Corporation loans must be increased. If we look at the last financial statement issued by the Farm Credit Corporation we will find the following statement in its 1967-68 annual report:

Approximately 80 per cent of the funds lent by the corporation bear the statutory interest rate of 5 per cent. The corporation borrows funds from the Minister of Finance at current interest rates which are much higher than the average rate the corporation may charge, thus creating an interest deficit which lasts for the duration of the loan.

Then the report goes on to say:

To finance its lending program during 1967-68, the corporation borrowed \$194.5 million from the Minister of Finance at an average interest rate of 6.16 per cent... The average interest rate on the corporation's borrowings is 5.294 per cent.

If we subtract 6.16 per cent, which is the cost of the money to the corporation, from the 5.29 per cent the farmers were paying, we get a difference of only .87 per cent. Surely in this just society in which we are supposed to be living the government can absorb that .87 per cent. The financial statement of the corporation shows that this difference in interest cost the corporation \$3,809,000. When we consider that there are 1,960,000 people living on farms in Canada today, it means that the government is subsidizing them to the extent of only \$2 per person. Surely this government, which thinks in terms of nothing less than billions and spends money like drunken sailors, can afford to absorb this \$2 per person. This amount could be saved if some efforts were made to cut down the waste and extravagance in the various departments of government. We have heard rumblings and murmurs about green telephones, waste paper baskets costing \$75 and electric pencil sharpeners. Some of these expenditures could be eliminated and money saved. In this way, enough money would be found to make up the very small difference of point .87 per cent or \$2 for every man, woman and child who resides on a farm in Canada today.

• (4:10 p.m.)

Mr. Horner: British Columbia is subsidized a lot.

Farm Machinery Syndicates Credit Act

Mr. McQuaid: There are many things that are subsidized, though I am not complaining about that. When the coal industry in Nova Scotia got into trouble a year or so ago, the government did not hesitate to advance money to help that industry. There are 1,069,000 people living on farms in Canada today. Farming in Canada is big business, as I mentioned a moment ago, if one considers the capital investment in the industry. Surely the government could find enough money to absorb this small difference.

In his statement on Monday, as recorded on page 600 of *Hansard*, the minister is reported to have said:

—unrealistic interest rates—

A difference of .87 per cent is not an unrealistic interest rate.

—tend to cause misallocation of resources, and in particular terms any savings as a result of a subsidized interest rate on capital borrowed for the purchase of land could make the cost of land excessively inflationary.

Surely, Mr. Chairman, the giving of \$2 for every person residing on a farm today in order to help the farmers is not going to make the price of land excessively inflationary. It is not going to mitigate the purposes for which the Farm Credit Corporation was established. Everyone will not be able to go to the Farm Credit Corporation to borrow money simply because the interest rate is low. The act stipulates that the farmer must have an established operation before a loan can be made, so it is only such farmers who will be going to the corporation. Surely the government can extend this privilege to that large segment of our population.

As I say, if the waste and extravagance in other government departments were eliminated the money would be found. We must remember that if a farmer has to pay more interest on the money he borrows he is adding to his operating costs. If his operating costs increase he will have to get more for his products if he is going to stay in business. If he has to get more for his products the consumer has to pay the added amount. All we are doing by raising interest rates, in the final analysis, is raising the cost of the product to the consumer. The results will flow back to the consumer. If the amount involved were a billion dollars, there might be some justification for the government's position. However, as I say, last year the amount involved was only \$3,800,000 or \$2 for every man, woman and child residing on a farm in Canada. I suggest very seriously to the government that