

**The Deputy Chairman:** Order. I now rule that the hon. member is out of order.

**Some hon. Members:** Hear, hear.

**Mr. MacInnis (Cape Breton-East Richmond):** I am glad to remind you of your duty, Mr. Chairman.

**Mr. Olson:** Mr. Chairman, the hon. member for Halifax asked what criteria would be used. I spelled it out in as much detail as I could the other night. As I said, we do not at this point have the exact amount that will be set down as the rate of interest under which the government guarantee will be made available. Hon. gentlemen opposite know that we had an act that had a statutory limit of 5 per cent in it. We had that act until June 30 this year. But long before the expiry of that act the banks stopped lending money.

Therefore, if we set down a fixed rate that is so low—let us say 5 per cent, if hon. gentlemen opposite want to use that figure—the act would be of no practical value because the banks demonstrated for several months that at the current rates of interest in the economy they are not willing to lend money at 5 per cent, even with a government guarantee.

The whole purpose of the exercise is to amend the act so that the governor in council will have the authority to prescribe from time to time what that interest rate will be, bearing in mind that it needs to be high enough so that it will be supported and funds will be made available by the lending institutions in sufficiently large quantities, yet low enough so that it is of benefit in the cost factors which affect our farmers, who even today are paying much higher rates than some percentage point above the term loans about which I have spoken.

Hon. gentlemen opposite know that this provision has been written into other acts, and those acts have worked. Therefore I fail to see the rationale of trying to make this interest rate hard and fast when they know that a rate of 6 per cent, 7 per cent, 9 per cent, and so on, unless it is made so high that it is not realistic, means that we will not be sure what the response will be from the people who have the funds. We want the optimum rate in this measure, and we need some flexibility in setting it.

**Mr. Hees:** Mr. Chairman, we want to know what formula the minister intends to use to work out the rate of interest that will be effective. He not only will not tell us the rate of interest, but he will not tell us the formula.

*Farm Improvement Loans Act*

He is trying to jam down our throats a piece of legislation that we, representing our constituents, have no right to agree to. This happened a number of years ago with another Liberal government when they refused to give us information to which we were entitled. That was the famous pipe line debate.

**Some hon. Members:** Oh, oh.

**Mr. Hees:** Yes, you bet your hat it was. Many of you were not here at the time, but I was. That was when Mr. Howe would not tell the Canadian people the implications of that bill and what Mr. Clint Murchison intended to do. That was the pipe line debate.

It did not take the Liberal party very long when in power to get back to the same arrogant attitude. The first time they once again have an over-all majority they are trying to jam legislation down the throats of the opposition. Just because they have a voting majority they have no right to try to do this. We as members of parliament have no right to accept a piece of legislation like this when the government will not tell us what kind of formula will be used. The minister could bring in any kind of interest rate and we would be accused by our constituents of having passed this bill and letting the government set an exorbitant interest rate. The minister knows that perfectly well. He cannot deny it, because he knows it is perfectly true.

We have a right to ask, on behalf of the farmers of this country, what formula will be used in working out the interest rate that farmers will have to pay. I say to the minister again, stand up in your place and tell us how you are going to work out this interest rate.

**Some hon. Members:** Hear, hear.

**Mr. Olson:** Mr. Chairman, if the government has no right to propose this kind of legislation, and parliament has no right to pass this kind of legislation, then all the exercise that the Conservative government went through with the Small Businesses Loans Act must have been out of order.

**Some hon. Members:** Hear, hear.

**Mr. Harkness:** That is a complete red herring.

**Mr. Hees:** Mr. Chairman, I say to the minister, tell us what information we refused to give at that time. Can the minister tell us that?

**Some hon. Members:** Oh, oh.