

Farm Improvement Loans Act

● (4:30 p.m.)

Surely the minister must realize that this situation is different from loans to businessmen. There have been business failures and farming failures right, left and centre, but the point is that the amount of money lost in loans to the farming community is insignificant. This is the real difference. Therefore I suggest to the minister he should be prepared to answer this question at this time in order to silence this verbiage and help me to save my breath. Otherwise, every time an order in council is passed I will be asking myself what were the criteria in setting the rate, why did the government raise it, and what can be done to reduce it. I will be selfish for a moment and say that as a potential borrower myself I could ask, why should I pay that kind of rate.

Mr. Olson: I think I could help the hon. member by just saying to him that I spelled out very clearly in my speech yesterday that the rates will be set according to whether the guarantee will be available to all institutions at the same level. There may be two rates, but the whole essence of this is its simplicity. We want it to be easy for farmers to apply for this kind of loan. These rates will be set for certain periods, and every potential borrower will know exactly what the rate is for that period. They will not be adjusted more often than every quarter, and if the hon. member wants to ask me or the Minister of Finance four times a year what the rate will be I do not think he will be pestering us and we would not mind answering him.

Mr. Korchinski: That is fine, Mr. Chairman. The minister has indicated there will be two rates, one for land. What will the other be for? Will there be different rates for land, machinery, livestock and so on?

Mr. Olson: I did not quite say that. There was a question whether there would be what was referred to as a multiplicity of rates. The hon. member said there might be one for machinery, one for livestock, one for land, etc. I suggest that, since a new provision or what amounts to almost a new concept is being added to this bill so far as its usefulness is concerned with regard to the purchase of land, there is a possibility of two rates being established, but not more than two rates, because of the difference in the length of term. We want to keep it simple. We have to keep that in mind because the very success of this provision in the past lay in the fact that it was simple to operate.

[Mr. Korchinski.]

Perhaps I should take this opportunity to answer some of the questions the hon. member raised. It is important that this legislation be passed. It is also important that the Farm Credit Act and the legislation on advances on grain be passed, but it is up to hon. members to decide when they will be passed. I as Minister of Agriculture think that all legislation dealing with agriculture is more important than any other legislation. However, there are other ministers and other members of this house who represent other areas, and they also have some rights here. We have to bear in mind the fact that there is other, very urgent legislation dealing with other matters.

The hon. member referred to this legislation as being a loophole. He said that someone may be able to get credit under this provision through a loophole which exists in the regulations of the corporation. I do not agree with him because I do not think the credit rating of the borrower would be changed. There are some complex rules and regulations, such as the economic unit qualification, which the Farm Credit Corporation requires and which may not be required under this legislation. I am glad my hon. friend has endorsed this, but I would not agree there is a loophole in this legislation from the Farm Credit Corporation because I do not think this is the correct term for it.

Mr. Korchinski: That is my own term, Mr. Chairman, and I am entitled to make my own definitions according to the way I see things. The minister has seen fit to give some answers to my questions, but I believe he has confused the issue even further. I asked whether there will be two interest rates, to which he said there would be a multiplicity of rates.

Mr. Olson: I said there will not be a multiplicity of rates.

Mr. Korchinski: There will be two rates. Let us leave it at that. Apparently the minister cannot give me a straight answer. If he can, he should stand up and say so right now. So we will have at least two rates. If I wish to get a loan for the purchase of land, which I can pay off in seven or eight years time, and if at the same time I am entitled to the same type of loan for machinery, why should I pay a different rate for machinery from that which I pay for land? I am the same man who would be getting the two loans and in both cases the credit risk would be the same. I should be able to get my money in the same