

Increased Interest Rates on Mortgage Loans

Exports of 24.4 million bushels were 39.8 million below the 10-year average, the Board of Grain Commissioners reported yesterday.

Principal markets for August's exports, with comparable 1966 figures in brackets—Britain five million (five million); the Soviet Union three million (8.9 million); Belgium and Luxembourg 2.6 million (2.9 million); Italy 1.9 million (1.5 million); Japan 1.8 million (6.9 million).

This is what farmers are concerned about. Why has there been such a rapid decline this year? Is the minister doing all he can, along with other members of the government, to maintain our markets or is he sitting back and letting the great country to the south, the United States, which has been subsidizing its farmers all along, continue to undersell us at the expense of the Canadian producer?

The last report of the Saskatchewan Wheat Pool estimates that 320 million bushels of wheat will be produced in western Canada in the current year including 17 million bushels of durum. In addition it is estimated there will be 50 million bushels of oats produced and 63 million bushels of barley. The total comes, in all, to 433 million bushels according to the figures reported in the *Globe and Mail* yesterday.

Our farmers realize they have had a strike on their hands in western Canada—the seamen's strike—and that up to the present grain has not been moving. The situation is becoming serious. I feel it is time that every point in western Canada was placed on a one bushel quota and I urge the minister to impress on the wheat board the importance of getting the quota opened up. Farmers and businessmen are complaining bitterly; I need not tell hon. members of this house that the lots of implement dealers are packed with new machinery which they are unable to sell.

• (6:00 p.m.)

Farmers are experiencing the pinch. They need money because their notes are coming due on the combines and tractors they previously bought. They are in dire need of money as quickly as possible.

The farmers have been reasonably content up to the present time, but now there is a great deal of uneasiness among them. The softness in world wheat prices has the farm community aroused. There is widespread fear that the United States is going to embark on another world wheat price war, and we would like the assurance of the minister that this will not take place.

In closing, Mr. Chairman, it is unfortunate that this situation has come about. The drop

[Mr. Watson (Assiniboia).]

in the price of wheat will not show up until the final payments that the farmers receive in 1969. At the present time, most people in Canada do not realize that the full result of what is taking place will not show until that time.

Item agreed to.

Resolution adopted in committee of supply this day reported and concurred in.

Mr. Nicholson: Mr. Speaker, I would ask unanimous consent of the house to revert to motions for the purpose of making a statement. I think this is agreeable to the house leaders.

Mr. Deputy Speaker: Does the house give unanimous consent to revert to motions at this time?

Some hon. Members: Agreed.

HOUSING**ANNOUNCEMENT OF INCREASED INTEREST RATES ON MORTGAGE LOANS**

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I should like to make a statement concerning interest rates on loans under the National Housing Act. In November of last year I announced introduction of a formula designed to adjust automatically the rate for home-owner and rental housing loans made by approved lenders, or by Central Mortgage and Housing Corporation where loans were not available through approved lenders. Under that formula the rate is adjusted at the end of each quarter in relation to changing yields on long-term federal government bonds.

Despite introduction of this self-adjusting formula, which got satisfactory results during the first quarter, the N.H.A. rate throughout the year has been substantially below conventional rates, and for the past six months it has offered no significant premium over high grade corporate bond yields. As a result since March 31 private lenders have shown very little enthusiasm for N.H.A. insured mortgages.

During 1967 the N.H.A. rate has been adjusted at the end of each calendar quarter to a level 1½ per cent above the long-term government bond yield whereas section 4 of the National Housing Act, which was amended to provide for this some years ago, permits a spread of 2¼ per cent.