

tion for this guarantee, which would hopefully somewhat reduce the interest rate that applied to the demand note.

But when you talk about re-financing, there are other kinds of re-financing that have been applied for from time to time. I refer to the financing carried out by the machinery company itself. We know for example that in some cases this type of financing includes taking delivery of the particular piece of machinery, without any down payment, and later applying for a loan under the Farm Improvement Loans Act. This is re-financing of a somewhat different nature, because then you are financing a secondhand piece of equipment at the full new price, or whatever the farmer paid for it. This raises some problems.

Again, there is no question about the government guarantee being made available for loans made by the banks since July 1. The Minister of Finance has announced that this guarantee will be available. The hon. member also asked how long it would be after the bill is enacted before loans under this program were available. I think a related question was, how long would it be before the interest rate is set. The prescribed rate would have to be set before the provisions of the guarantee would be available. I am sorry that I cannot give an exact date, but I assure the hon. member that we are keenly interested in setting this rate as quickly as possible.

Mr. Gleave: Mr. Chairman, I do not wish to speak at any length on this bill. Possibly the reason it is not proposed to continue the interest rates within the act is the financial condition of our country, which is such that interest rates and the cost of money have become rather uncertain things. I believe this could be the reason. Whatever the formula will be, if it is a stable rate there is no reason why it should not have been included in this bill. Then we would know what it was going to be. The fact that it is not included in the bill will mean, of course, that the government, the lending companies and the banks will get together and ask (a) how much must we have? (b) how much will the traffic stand? and (c) what can we get back? These are the questions that have to be answered. They might as well have been answered right here in the house as later, because these are the factors that govern the setting of the rate in respect of the hiring of money. That is what we are talking about, namely how much the farmer will have to pay for hiring money with which to run his operation. These are

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the factors about which a former minister, who was mentioned earlier in the debate, was talking. As I said before, Mr. Chairman, whatever method or formula is to be adopted, it might just as well have been brought before the house and incorporated in this bill.

The other matter with which I should like to deal, if I am in order in so doing, Mr. Chairman, is that of including loans for land within the provisions of the act. As I mentioned the other night, this does not really add up. I do not know why we bring land under the provisions of this act rather than leaving it within the terms of the next act to come before us. There can probably be a good case made for farmers needing intermediate term loans with which to buy land. If it can be made, this has not been done. No satisfactory answer has been given to this question. The fact is that short term loans in respect of land is a pretty good way to get the farmer into a fair bit of difficulty in trying to repay the loan. Too much has to be repaid in too short a period of time.

If we do need an intermediate term loans program in respect of land, it should have been left to one of the other bills. It should be part of the function of the Farm Credit Corporation to supply money for this purpose. I have never seen any recommendations by the Farm Credit Corporation that we need short term money for land. This is what a 15 year repayment program is; it is short term money as far as land is concerned.

I tell the minister that I speak with some experience in this regard because I bought land when there was no Farm Credit Corporation, and had to make heavy payments on a short term loan. This just raises heck with one's living standard because the loan is paid back so fast that you find it difficult to maintain the standard of living you should enjoy.

Therefore I say again to the minister that this provision of the bill just does not make sense, unless there are trust and insurance companies who feel they would like to participate in the program. Those are the points I wish to make, Mr. Chairman.

Mr. Olson: Mr. Chairman, the hon. member has asked why it is that we include land in this bill rather than in the one dealing with the Farm Credit Corporation. We think there is a place in this bill for a provision in respect of smaller amounts and smaller parcels of land because, as my hon. friend knows, it is easier to make application to the bank in respect of them. In addition, it is less costly