

Farm Improvement Loans Act

farmers who operate on a small scale. This might be the situation at the present time; but surely no one will agree that as a result of the provisions of the government measure these farmers will be better off than they were under the old legislation. Surely no one believes that they will be able to obtain larger loans any easier than in the past, or before the government lifted the bank interest rate.

I found it very interesting to listen to the minister, who used as a basis of his contribution to this debate made by Hon. J. L. Isley who was then minister of finance. There was some suggestion that this measure would do as much for the farmer as the legislation which was passed in 1945. I do not know what more unorthodox source he could have chosen. Let us consider what has happened since 1945. What has happened to the interest rate on farm loans since that time, in spite of the prescribed rate in the act? What has taken place since then? The situation has become more serious and the problems have become more difficult. These must be taken into account.

The government seems to rely on a framework of our present monetary institutions with particular reference to the banks. There has been no consideration on the part of the government regarding the relationship between returns from agriculture and interest rates. There has been no suggestion that intermediate credit provided under this act could be provided by government funds. There has been no consideration or suggestion that we might introduce the element of subsidization to stabilize the agricultural capitalization. This has not been the basis of recent governmental moves. We must be sure there is enough money to provide for the continued and successful operation of the agricultural industry. This is a major need.

The minister has indicated that he has been negotiating with bankers and has been encountering difficulties. The question is whether the government is going to allow financial institutions to dictate their terms. Would it not strengthen the minister's hand if the provisions of this legislation were more specific? Then he could obtain a firm undertaking from the banks requiring them to abide by this legislation once it has been passed by this house.

Mr. McCleave: Mr. Chairman, I posed a question earlier and I should now like to pose it again. What is the proposed composition of the new interest rate that farmers will be

[Mr. Burton.]

charged under this legislation? This seems to be the guts of the issue. I am entitled, as a city boy—perhaps somewhat alarmed by this rural uprising—to know something about the mechanism to be adopted in this regard. Perhaps the people who advised the government on former occasions are the people who are advising them on this occasion; I do not know. But I think, as a courtesy to the house, that all of us are entitled to know on what basis the interest formula will be arrived at. The farmers of Canada are also entitled to know this. I think it is a simple request and I hope the minister will answer.

• (9:20 p.m.)

The Deputy Chairman: Is the committee ready for the question?

Mr. McCleave: Mr. Chairman, we want to know what factors will be used by the minister in setting this interest rate formula.

Mr. Olson: Mr. Chairman, I made a statement two or three days ago that spelled out in as much detail as is available the formula and criteria that will be used in establishing this interest rate. I think hon. members are missing the whole purpose of this bill. We had an act, until it expired on June 30, that set down a statutory 5 per cent limit.

Mr. MacInnis (Cape Breton-East Richmond): Mr. Chairman, I rise on a point of order. My point of order arises from the statement just made by the Minister of Agriculture, who said that a few days ago he explained in detail, as best he could, the formula that will be used to establish this interest rate. But the parliamentary secretary to the Minister of Finance said a few minutes ago that the details were being worked out. Can these ministers not get together, and can we not get some straightforward information from the treasury benches?

Mr. Olson: Mr. Chairman, there is no point of order in what the hon. member has said. It may be a debatable point as to what the hon. member understood the parliamentary secretary and I to say. There are details, and there are other details.

Mr. MacInnis (Cape Breton-East Richmond): Mr. Chairman, I rise on a further point of order. If I rise on a point of order, it is the duty of the Chairman to decide whether I am in order. I would remind hon. members that the Chair failed to call me to order, and it is not the minister's place to rise and say there was not any point of order.

Some hon. Members: Hear, hear.