

Farm Credit Act

Mr. Hays: This will be done by special vote as it was done last year.

Clause agreed to.

On clause 2—*Capital*.

Mr. Leboe: On clause 2 I have a few questions I should like to put to the minister for purposes of clarification. First of all, I should like the minister to inform us as to what the total loan capacity would be under this provision. Would the \$24 million from the consolidated revenue fund which is placed in the capital account of the corporation mean a borrowing capacity of \$600 million? Would the total amount of loans that the corporation could make be \$600 million or \$624 million?

Mr. Hays: It would be \$624 million.

Mr. Leboe: If I understand correctly, I believe the corporation does not pay any interest on the \$24 million in its capital account. Is that right?

Mr. Hays: That is right.

Mr. Leboe: I should like to ask the minister a question having to do with clause 2, but I should like to relate it to clause 4 which provides for a new section 16A. My question has to do with the part of clause 4 specifically stating that there is going to be a varying interest rate according to the cost. In that connection I should like to know where the consolidated revenue fund gets the money it is going to lend. I should like to find out, because there is a varying cost here. I should like to know from the minister exactly where the money in the consolidated revenue fund comes from which has an influence on what we are dealing with here, the interest rate.

Mr. Hays: That is quite a question, Mr. Chairman. The government, of course, gets its money from various sources. It gets it from taxes. It gets some of its money from crown corporations such as Eldorado Mining and Refining Limited, and Air Canada, which made a little money last year. In the case of a deficit, say in the Export Credits Insurance Corporation the government has to go to the people and borrow money. Whenever I want to get any money from a crown corporation for the Farm Credit Corporation I tell the officials to be sure to get it from that portion of the money they have had to raise by way of bonds and to pay members of parliament with the money they get from taxes.

[Mr. Hamilton.]

Mr. Leboe: I like that last sentence, because this leads me right into the core of my question. The minister referred to borrowing. Can he tell me whether or not in connection with this legislation the government has sold bonds to the Bank of Canada?

Mr. Hays: We should have the Minister of Finance here. The only thing I can do as a businessman is to borrow on behalf of the Farm Credit Corporation and then repay. I think the hon. member is relating this to clause 4 of the bill. The particular money we would get would come out of that portion on which something had to be paid to get it.

Mr. Leboe: In other words, the minister is indicating to me that there are certain funds being made available to the government on which they do not pay anything. Is that what he is indicating?

Mr. Hays: That is your statement.

Mr. Leboe: I want to know whether the minister is indicating that to me. I have in mind that the economic rate is going to be based on the cost, and it seems to me we should be in a position to know the situation. That is why I took the trouble to telephone the minister's office and talk to him about this question. As he will recall, I wanted him to get in touch with the Minister of Finance so he would have an answer to this question. I think it is an important question. I believe that if the bonds of the government related to this particular act were confined to bonds sold to the Bank of Canada, and the profits from the interest rate on those bonds reverted to the consolidated revenue fund we could supply money to the farmers at a much cheaper rate than 5 per cent. I think this would be a very important step, particularly in the case of smaller farmers in the lower income brackets, from the point of view of making their farms economic units. That is why I should like to find out from the minister if any of the bonds that the government sells to get this money are sold to the Bank of Canada and whether the Bank of Canada actually retains these bonds for any length of time. This is what I wanted the minister to find out from the Minister of Finance before he got away. Apparently he did not get an answer for me.

Mr. Hays: I would be very glad to take this matter under serious consideration. We will investigate it thoroughly.

Mr. Leboe: Will you give me an answer some time?