

Farm Improvement Loans Act

until the last year or two when there has been a movement toward terms of four and five years. The minister says the rate will be comparable to the yield on government securities, but there can be a great difference. If the minister bases this on the average of long term government securities there could be a difference of 1 per cent. Surely the minister can clear up this matter.

I thank him for his statement in which he expressed for the first time during this debate his concern for interest rates. I thought he had forgotten all about the farmer's desire and need to obtain money at interest rates which would allow him to pay back the loan. However, while he did express concern, I think he should be a little more specific.

No amount of talk can convince me that the Minister of Agriculture and the Minister of Finance have not had ample opportunity to discuss this matter with bankers. This bill has been under consideration for at least three or four months and they have had enough time. If these ministers believe in democracy they should not hedge or be secretive about this formula. Perhaps the minister does not have to write this formula into the bill, but at least he could tell us exactly what he is attempting to relate it to without comparing it to the yield on government securities. He has not even indicated whether he has in mind terms of five years or ten years, a short term of 91 days or a long term. The minister has given us some information but he has not given us as much as I am sure he could if he made an attempt.

Mr. Olson: Let me say to the hon. member that we are not attempting to be secretive, but I should like to be as accurate as possible. I do not want to say things on speculation, as I am sure hon. gentleman wants accurate answers. I have said I agree with the hon. member that the availability of funds is very important, as well as interest rates. When this bill is passed we want to be sure we will have the flexibility to guarantee a continuity of sufficient funds to make the act operative. The hon. member said at the outset that if I had made this statement a few days ago I might have cleared up a lot of problems. I went into great detail on this point and I think I said essentially the same thing I will say again. Perhaps it was not quite clear.

The hon. member will realize that the government wants our statements to be up to date. When things change we want hon. members to know so they will have information that is as current as possible.

[Mr. Horner.]

Mr. Horner: Will the minister indicate what government securities this will be based on? Is it to be linked to five or ten year bonds, the long term average or the short term average?

Mr. Olson: Mr. Chairman, there would have to be an assessment made and perhaps some averages worked out. We may have to make an arbitrary decision as to what those averages should be based on. There will have to be negotiations with the bankers, because the money belongs to the banks.

What we have in mind is what we have stated. If some of the averages under the Farm Improvement Loans Act turn out to be in the area of five to six years for similar types of loans, then of course we would have to take that into account and base it on securities of the government for a comparable period of time.

When we have passed the amendments there will probably be some longer terms involved for land purchases than for farm machinery purchases. All of this is not clear as yet, and we would like the flexibility to prescribe the rate in order to take into account these factors. I have said very clearly that this will be related to government of Canada bonds over a comparable period of time.

Mr. Douglas: Mr. Chairman, I should like to ask the Minister of Agriculture several questions. Many farmers are waiting for this act to be passed in order that they can make loans under its provisions. I was wondering whether the minister could tell us how soon after the bill is passed and enacted into law farmers will be able to obtain loans under it. Also, how soon after the bill becomes law will the prescribed interest rate be set? Farmers who have been making time purchases of machinery and other items in the last few months are paying a high interest rate. Will it be possible for them to re-finance their loans under the Farm Improvement Loans Act?

• (4:30 p.m.)

Mr. Olson: Mr. Chairman, in answer to the last question, I am sure the hon. member for Assiniboia realizes that it raises additional problems when he talks about re-financing. The Minister of Finance has given an undertaking that the loans which have been made since the act expired on July 1 will in fact be available to receive a government guarantee. It will be up to the banks and the customers to decide whether they will make an applica-