

*Farm Improvement Loans Act*

Again I say that the committee has found itself sidetracked on the question of whether the formula should be this or that, half a percentage point above the long term yield on government of Canada bonds, or something else. What we are interested in really is something different. The fact is that our farmers, students, fishermen and veterans need stability, not the kind of flexibility which will lead to instability. We are opposed to the abandonment of a fixed low interest rate. If the minister would answer some of my questions in this regard I would feel much happier about the bill as it now stands.

● (5:10 p.m.)

**Mr. Olson:** The question which the hon. member has raised is essentially the same as that which was raised by the hon. member for Regina East. He wants to know the criteria upon which the minister exercises his powers of designation. That is pretty well spelled out in the first clause of the bill where it mentions "bank" and the term "bank", as my hon. friend knows, is used throughout the bill. The interpretation is, "a bank incorporated under the Bank Act." Then there is mention of a credit union, of a corporation within the meaning of the Trust Companies Act, of a loan company within the meaning of the Loan Companies Act, and of an insurance company within the meaning of the Canadian and British Insurance Companies Act. These are the financial institutions that could be designated, but the bill does not say "or designated." It says "and designated." It is these companies that wish to participate in this kind of credit facility and have the guarantee made available to them that will make application to the Minister of Finance for designation. I think it is fairly clear what categories we are talking about.

**Mr. Rose:** The minister says that these various institutions may make application to the Minister of Finance. Under what conditions would the Minister of Finance agree that these institutions were acceptable? This is the detail of the question I am asking.

**Mr. Olson:** I really do not know the exact details of the question or, indeed, if there is very much involved in it. For example, I would think there would be no problem with all of the banks that have been in this business in the past. They would all be designated, and presumably also all the credit unions that are large enough to handle the kind of business envisaged here. There are many of

[Mr. Rose.]

those, although there are perhaps some small ones that could not make a contribution to this kind of lending.

The hon. member also asked why a certain maximum figure is guaranteed to the banks and a substantially lower figure to the other institutions. Up until a few months ago the banks handled all this business. There were no other institutions involved. The sum of \$300 million for the next three years seems to be a fairly large amount. I should not say it is generous because there is no generosity involved, but it is a big enough amount to see what is going to happen with these other institutions when they get involved in this kind of lending with a government guarantee. I feel fairly sure that the banks chartered under the Bank Act will be handling the majority of the business. As I say, up until a few months ago they handled all of it.

**Mr. Schreyer:** Mr. Chairman, I wish to speak briefly on a point raised by the hon. member for Crowfoot. I have never been a resident of Alberta but I have always had a good deal of approval if not affection, for the Alberta treasury branches. I think it is rather discriminatory on the part of the minister that he should exclude from this legislation a publicly owned money lending institution such as the Alberta treasury branch.

The minister did not say so definitely but he did reply to the hon. member for Crowfoot that one could assume that the Alberta treasury Branch would not be eligible to come under the provisions of this legislation. That is disappointing. The minister gave us to understand that there is some kind of constitutional problem in the government of Canada guaranteeing loans that might be made by a provincial public agency. Is there not some analogy with the arrangements that we have with respect to crop insurance? Crop insurance programs in the prairie provinces and in other provinces as well are arranged and administered by provincial agencies; yet under amending legislation passed two or three years ago they are allowed to re-insure them with the federal government. If it is possible to have that kind of an arrangement, a re-insurance by the province with the federal government against risk, why can we not have a similar arrangement with respect to a guarantee against risk in regard to money lending by financial institutions such as the Alberta treasury branches?

**Mr. Olson:** To my knowledge, and I have been trying to check this, there has never been an application by the Alberta treasury