

ourselves and the freedom to be concerned about this vital industry.

However, when I look at the minister I cannot help remembering the time when he was a member of the party to my left, and I find it somewhat amusing that he should go back to speeches made by former ministers of finance to support his own beliefs today. A former minister of finance said that the rate of interest on this type of loan shall be considerably less than on loans made to farmers for other purposes by the same banks. This is the interpretation we have put on that quotation. I see concern on the minister's face, as if he wished to say I was misinterpreting his remarks; but I listened very closely to them. The hon. Mr. Ilsley said:

—considerably less than rates generally obtaining for this kind of accommodation to farmers from merchants, dealers or other present sources and is, I believe, somewhat less than the average rate charged to farmers by banks on short term loans.

I am still in complete agreement with this principle upon which the Farm Improvement Loans Act was founded. I am sure hon. members on this side will agree with me when I say we cannot accept the excuse the minister gave us for not giving us a formula today, that there has not been sufficient time for consultation. I urged him to proceed with this legislation yesterday, but the government did not respond to my urging. I was under the impression then that he may have been consulting with the banks. I would like to think the government had done so perhaps last February. Surely to goodness he can do better than come to the house and say, "We cannot announce the formula beforehand because there has to be further consultation". We cannot accept this, after we have heard the government say they had this legislation last February. I know that the Canada Student Loans Act legislation was passed with the open end interest rate clause in it. I know that the Small Businesses Loans Act was passed with a similar arrangement. Because of this fact, during the early stages of this bill I stressed how badly the agricultural industry needed an enticing interest rate. The farmers needed more money. Some months ago the Prime Minister expressed his concern in Winnipeg about the cost of input into the agricultural industry. I am not trying to compare in any way the needs of the agricultural industry with those of small businessmen or university students, but may I refer to the report of the Economic Council of Canada which stated that the agricultural industry needs more capital to catch up with the output of

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the agricultural industry in the United States. This is what we are arguing for here.

We want that output put into the agricultural industry at no greater increase. This is what the Prime Minister said in Winnipeg on June 2—that the agricultural industry cannot stand a higher cost of input. This is what we are worried about.

• (4:20 p.m.)

The minister has referred to an interest rate comparable to the yield on five year government securities. In order to make sure I understood him correctly, I should like to ask him whether that is what he said. Is that going to be the guide line for this fluctuating interest rate? We would like to know what it is going to be.

The minister went on to refer to the cost of issuing loans and suggested this would have to be taken into account. I immediately became concerned, because when he was speaking as a member of another party that sat to my left he indicated it would only cost 2 per cent to issue these loans. Will that 2 per cent added to the interest rate be comparable to the yield on five year government securities?

The minister did make a comprehensive and clarifying statement, and I commend him for that, but he has left me in doubt on a couple of points. I should not like to see him compare agriculture with any other industry. We know that thousands of dollars are being spent on educational facilities for students. One might well suggest that this is subsidizing the students. I do not think it is fair to compare government guaranteed loans to the agricultural industry with similar guaranteed loans to other segments of the economy. We must consider this as direct aid to the industry without making any comparison. Will this move the industry in the right direction? I hope the minister will clear up this matter.

Mr. Olson: Mr. Chairman, I can answer this question immediately. I said the rate would be related to comparable term securities. The hon. member has read the bill and I am sure he knows there are some terms longer than five years available on certain type of borrowing under this act.

Mr. Horner: I realize that previous to this time there has been a ten year clause but I must consider the practical applications of this bill. The terms of loans in the past have rarely exceeded five years, and I would suggest that the average has been three years up