

*Farm Improvement Loans Act*

**Mr. Gray:** I am answering the question. You may not want to hear the answer, and that is why you are interrupting. The Minister of Agriculture has already pointed out in detail that the formula is being worked out along the lines of the general principles he mentioned when he spoke the other day. Certainly this rate, to which I alluded as well, will be the one which is accepted as being proper—

**Mr. Horner:** By the banks.

**Mr. Gray:**—by all concerned.

**Mr. Schreyer:** May I ask a question? I should like to ask the parliamentary secretary if he was serious when he said the details are just being worked out. Does he mean that this legislation has been before us for three weeks, and the government is still working out the details?

**Mr. Gray:** I would say to the hon. member that I think he has added a meaning to the words I used which certainly was not intended. I was attempting, in making the answer, to say that the Minister of Agriculture felt he was not in a position to announce a definite formula on which the interest rate would be based. I did not intend my words to go any further than that.

**Mr. Woolliams:** He does not know the rate of interest, yet he talks with great verbosity.

**Mr. McCleave:** May I ask a simple question? Who is working out this rate of interest? Is it a computer, the just society, the government, or who?

**Mr. Horner:** The banks.

**Mr. Skoberg:** In rising to speak to the amendment, I should like to say that it is clear to me at this time the government is allowing the money markets to manipulate the rate of interest as they see fit. I believe a perfect example of this fact is exactly what was said a while ago, in the attempt to set one part of the country against the other. Agriculture is agriculture from one end of the nation to the other. There is no way the minister or his assistant can possibly distort that picture. We know very well that the economy must now have money poured into it.

I have reservations about the amendment before us because I am firmly convinced the interest rate should be pegged at 5 per cent, with subsidies in addition. However I realize that half a loaf is better than none. Surely

[Mr. Woolliams.]

this government will realize it is imperative that the people in this nation who need assistance receive that assistance. However, they cannot accept assistance when the interest rate attached to that assistance is left to the discretion of the governor in council. I suggest the government is remiss in its duty to the people of this country if they do not take immediate action to peg the interest at a rate the people of this country can afford.

I am sure the minister is aware of the fact that the farmers union has gone on record as indicating that the farmers are in urgent need for money at this time. However the letter states, and I am sure the minister received a copy of it, that the union is definitely against an open end interest rate. The amendment we have before us permits the interest rate to rise to 7 per cent under the guarantee. I am sure the young farmers in this country cannot make use of money borrowed at that rate.

The farmers cannot make use of loans that will have an open end interest rate. There has to be some provision for the young farmers of this country. So far as I am concerned, there has to be a three year interest free provision, if we expect our farm units to be able to work. We all know that good sales at a good price would be sufficient to remedy the situation. Right now these farmers cannot sell their grain and they must have money made available to them. We know very well, Mr. Chairman, if the bill before us is passed without amendment, then the rate of interest will constitute usury. I am positive this government will stand accused and convicted in the eyes of the entire nation including the entire agricultural population. I am in favour of the motion, but I feel the interest rate should be pegged at 5 per cent.

**Mr. McKinley:** Mr. Chairman, it appears quite obvious to me that the reason the minister is not prepared to announce the interest rate is that he knows the rate would not be acceptable to the opposition or to the agricultural community. Otherwise there is no reason the rate could not be announced at the moment.

**Mr. Olson:** Mr. Chairman, I have said many times that I was not hedging, I was not keeping any secrets. I do not know precisely what the optimum interest rate will be, but it has to be at a point at which the banks and other institutions will make credit available in a sufficiently large volume. I have said that over and over again.

**Mr. Woolliams:** May I ask a question?