

*The Address—Mr. Douglas*

Another urgent need in agriculture is more and better research. We need more research in many fields in respect of such things as higher yielding crop varieties, better livestock, better handling, storage and marketing methods, and greater knowledge of consumer requirements. There are tremendous possibilities in all these areas and it is urgent that they be fully explored.

Credit facilities for agriculture need attention. I welcome the references in the Speech from the Throne to a new Farm Improvement Loans Act as well as amendments to the Farm Credit Act and the Farm Machinery Syndicates Credit Act. The previous Farm Improvement Loans Act expired last June, but few loans were made under that act in the latter months it was in force. As most hon. members will know, the interest rate was fixed at 5 per cent, and the rising interest rates of the last year or so made that rate so unattractive to the lending institutions that they had practically stopped making loans under the act. In spite of the fact that interest rates have dropped, the 5 per cent rate is still not a realistic one.

I agree with the proposition that the cabinet should be given the power to set a rate which may be varied from time to time as changing interest rates may dictate. I suggest that the rate set can and should be considerably less than bank loan rates, because of the additional protection the lenders will get as a result of the government guarantee. I was pleased to see that the new act will allow credit unions and many other institutions to be authorized lenders under the act, in addition to the banks. Many communities in Saskatchewan are served by credit unions only. The town of Assiniboia has one of the largest rural credit unions in the world.

With regard to the Farm Credit Act, I am glad to hear that it is planned to increase the capital of the Farm Credit Corporation and to broaden its use. I am somewhat disturbed, however, by the announced intention of applying what can be termed a "floating interest rate" to these loans. This is quite a different situation from the Farm Improvement Loans Act.

I believe that the Farm Credit Corporation was set up to provide an opportunity for farmers to attain economic units, and it is restricted to those who actually need the help and can qualify. Once a farmer has reached a certain size of operation he can no longer qualify for a loan. Those who do qualify at present do not necessarily get the full loan

required at 5 per cent. In many cases the first \$20,000 required and approved is at 5 per cent, and the balance will be at very close to commercial rates. I hope the interest rates under this act will remain undisturbed to encourage the creation of economic farm units, and to encourage young men to stay in farming by making it a little less difficult for them to get started. The act has been very successful in doing this in the past, and I would not want to see anything done to reduce its effectiveness.

• (8:50 p.m.)

I will include the subject of cash advances in the category of farm credit. In the light of the lower delivery opportunities in the last year, farmers are more short of cash than usual at this time of year. I am quite sure that more use than ever before will be made this fall of the Prairie Grain Advance Payments Act. The Speech from the Throne indicated that there would be amendments to that act. Farmers will welcome the announcement that the proposed amendments will double the rates and the limits of interest free cash advances on farm stored grain.

I wish to point out, however, that these cash advances will not help those farmers who have no grain to sell. There are areas in the Assiniboia constituency, and in other parts of the prairies, where the crop was poor last year and there has been no carryover from the 1967 crop. Many of these areas have been hit hard by a variety of natural calamities this year including drought, hail, frost and, more recently, excessive rainfall that is playing havoc with the harvest, which in some cases might otherwise not have been too bad. I urge this government and the provincial governments to watch these disaster and potential disaster areas, and to be prepared to render whatever special assistance may be required.

Another step that I think is needed to stabilize the farm industry is an improved system of all risk crop insurance, which would be available to farmers at rates that would make it possible for all to participate. The federal and provincial governments have recognized the benefits of a crop insurance program and I believe it is operating in most provinces. The federal and provincial governments' share the operating costs, and the federal government contributes 25 per cent of the premium. The cost to the farmer is still so high that only a fraction of those eligible for insurance actually participate in the plans.