

CORPORATION'S LOSSES

Mr. Lee Clark (Brandon-Souris): Mr. Speaker, one of the reasons that Farm Credit Corporation lending rates are so high is that the Farm Credit Corporation is expected to recover the losses which have already occurred on FCC loans, at least in part as a result of the Government's failed policies. Why does the Minister expect future borrowers to pay for the losses which have already been incurred by others who have preceded them?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, that is a strange question, to say the least. The Hon. Member knows that the corporation has to recover its losses and, obviously, if it incurs deficits as a result of unexpected interest rate increases and its inability to recover as much in loan repayments as it has to pay for its borrowings in the first place, then it has to make the necessary adjustments to balance the books. That is not shrewdness but mere wisdom.

[English]

CHANGE IN METHOD OF COMPUTING INTEREST

Mr. Mel Gass (Malpeque): Mr. Speaker, my question is also for the Minister of Finance. The Farm Credit Corporation has changed its method of computing interest on farm loans. On loans that farmers had opted to repay annually the interest used to be compounded annually. It is now being compounded semi-annually. Why has the Government changed its method of computing the interest rate for farmers? Why has the Government seized on an opportunity to squeeze more money out of farmers by using a very sneaky and underhanded method?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I shall enquire from the Farm Credit Corporation what procedure they have implemented, and I shall report to the Hon. Member. However, if the Farm Credit Corporation is doing as bad as the Opposition claims it does, could the Hon. Member explain to me how its total loans could have increased from \$500 million to \$800 million in less than two years. Unlike the Opposition, Canadian farmers are satisfied with the services provided by the Farm Credit Corporation.

[English]

COST TO FARMERS

Mr. Mel Gass (Malpeque): Mr. Speaker, for the Minister's information, the Government has changed the method. On a loan of \$100,000 with interest compounded annually, payments used to be \$15,098. On the same loan with the interest compounded semi-annually the payment is \$15,526.

Some Hon. Members: Shame.

Oral Questions

Mr. Gass: That is an additional \$8,566 over 20 years which the farmer has to pay. How can the Minister justify such shameful, deceitful treatment of farmers?

● (1440)

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I have already replied to this question when I said that I would enquire from the Farm Credit Corporation. But again, the Hon. Member should know that the money the Corporation is lending had to be borrowed on the marketplace. Therefore, before lending to farmers and producers, it must make sure that it will receive sufficient funds from its borrowers to cover at least what it has to pay to borrow on the marketplace. I suggest again that this is somewhat elementary. The Hon. Member is aware that the Farm Credit Corporation must strive to be self-financing. As a matter of fact, because of the problems encountered by farmers over the past year, the Corporation is now faced with a major deficit. We have taken this reality into account. But the Farm Credit Corporation is anxious to re-establish its financial standing, as is required by law.

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[English]

CO-OPERATIVES

TASK FORCE RECOMMENDATION ON WORKERS' CO-OPERATIVES

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, my question is for the Prime Minister. It concerns the Government's position on the key worker co-op recommendations in the Government's financed report by the National Task Force on Co-operative Development, filed with the Government yesterday. As the Prime Minister will recall, the Minister of State for Economic and Regional Development had obvious difficulty answering the question from my colleague, the Hon. Member for Prince Albert, in the House yesterday, in determining whether he was answering as a Liberal leadership candidate or answering as a Minister.

Will the Prime Minister and the Government accept the following key recommendation of the Co-op Task Force, namely, that the federal Government should endorse worker co-operatives as a priority vehicle for employment generation? It should also make funding assistance available to the co-operative movement for the staff work of the steering committee, or for regional development assistance agencies, and for the creation of a pool of start-up funds or start-up guarantees for individual employee owned co-operatives. Will the Prime Minister give an indication of the Government's response to that key recommendation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the matter is up for government consideration. I will take the Hon. Member's question as a representation.