

*Anti-Inflation Policies*

are without work, and the communities in slow-growth areas where unemployment is rife, where families without income are faced with daily increases in the cost of living, that all is right with the world? These are the people who really have to pay grocery bills, dry goods bills and all the other bills incurred by a household. I believe that in saying unemployment is not all that bad the government is doing a disservice to the country, to the people it is supposed to represent.

The forgotten people of this country are those on fixed incomes and those who have low pensions. But these people count, Mr. Speaker. However, the government has no communication with them and thus cannot find out what unemployment and inflation are all about. What is the point in proclaiming victory in the fight against inflation if all that has happened so far is that unemployment is up and prices are rising? The government looks upon poverty with no degree of concern whatsoever. When the government talks about poverty it is nothing but pious prattle. We must ask ourselves, what is poverty? What does it do to the people who experience it? What can those living in poverty do for themselves? What can we do about poverty? How can we see that something is done? Is living with unemployment the answer? Anybody with a sense of economics must know that the government cannot solve the problem by creating more unemployment.

I am sure the government will go down in history as the one that methodically and deliberately created a recession in 1970 as a means of solving the problem of inflation. This policy must be rejected. The motion before this House is quite valid in so far as it is a proper criticism of the government. As the CRLA brief to the government said—

Lest these unemployed become mere statistics in a publication, it should be pointed out that in the latter months of 1969, between a quarter and one-third of those unemployed have been without work for more than four months of the year, a serious indictment of the government's record in this area.

Again, if we look at the situation of the unemployed in the rubber plants, in the agricultural industry, the auto industry, the farm machinery industry and all other industries based on agricultural production generally, we can only come to the conclusion that the government is really not concerned. If one reads the letters that some of the main financial institutions have sent to their branch managers, dealing with farm improvement loans, one can see how these institutions are

[Mr. Skoberg.]

using the government for their own purposes. I quote from one such letter sent to me:

I refer to your letter of March 10 in which you enquire as to the bank's policy regarding the interest rate applied to farm improvement loans which go into default and require to be extended—

As you know, last November the farm improvement loan regulations were amended with respect to the interest rate which may be charged when the terms of the loan require to be revised, and our branch managers are expected to keep this feature in mind when dealing with the individual situations where default has occurred.

Here is another reply I received:

Where it is thought that a revision of repayment terms will enable a farmer to meet his obligations, our managers are expected to arrange the revision.

Here is another letter:

Regarding your inquiry, in advising our branches of the recent changes in the farm improvement loans regulations, we instructed them to apply the current rate of interest when the original terms of a loan are revised.

Here is another:

—our branches have been advised of the amendment in the farm improvement loan regulations. This permits the lender to alter or revise the rate of interest at the time a revision of repayment terms is being considered, with a view to re-scheduling the original terms so that the borrower can meet his obligations without defaulting the debt.

In granting such requests for a revision of terms it is our policy to do so at the rate of interest currently permissible—

Here is another letter:

It has always been the bank's policy to revise the terms of farm improvement loans when the borrower is in default and the manager considers that such revision will enable the borrower to meet the obligation and is appropriate in the light of the borrower's financial position. The rate of interest charged by the bank in such circumstances conforms to the farm improvement loan regulations.

Questions have been asked of the Minister of Agriculture (Mr. Olson) about farm improvement loans, and invariably he has answered that the financial institutions are co-operating with the government. However, these letters give a clear indication of the intentions of these institutions, and they will not change their intentions unless the government, by regulation, forces them to remember that they are dealing with human beings. Finally, I wish to quote from a letter written by an individual who has been affected by the practices of these institutions. It reads in part:

Thank you for your concern in writing to the various major Canadian banks.