

Farm Credit Act

• (2030)

However, I agree with three-quarters of what was said by the hon. member for Frontenac (Mr. Corriveau). He speaks with experience in farming in la belle province which I cannot match because I come from another part of the country, a belle province called Nouvelle-Écosse. While we do not have farms quite as large as our hearts, in some cases our minds are even larger. Therefore I can reconcile anything my good friend from comté de Frontenac said tonight because I am in complete agreement with what he said about the younger farmer. He also supports the amendment moved by the hon. member for Mackenzie in which we of Her Majesty's Loyal Opposition are asking these amendments go further than the Minister of Agriculture at the moment has gone.

Mr. Olson: You mean you want to kill the bill.

Mr. Nowlan: I am coming to that. However, before I come to the Minister of Agriculture, that lonely député from the flatlands of Canada which is the heartland of Canada, I want to talk about my friend from the belle comté de Frontenac because he agrees with what we say on this side, which is that the younger farmer must be encouraged and given some incentive to put his back to the plow and produce returns for all Canadians. I know my friend from the comté de Frontenac would agree with deferred interest on long-term loans and with an equitable adjustment of interest rates. The Minister of Agriculture mentioned this in his speech the other evening. Why should a young or even an old farmer be penalized under one of the few interest laws of Canada which nails him to a contract from which he cannot escape?

If a person makes a contract with Central Mortgage and Housing Corporation or takes out a mortgage with his friend the mortgagor, after five years he can start to adjust the interest rate if he finds he is in a downward market, interestwise. I hope the Minister of Agriculture does not try to poke fun at the seriousness of my statements, because the minister in the last part of his speech said that he felt confined, constricted and almost mentally castrated because he could not do anything with the section on frozen interest rates of Farm Credit Corporations loans.

I say that if there is any one meaningful amendment which ought to be brought in by this minister, it would be an amendment providing an escape clause for farmers who have built themselves into a long-term contract. If these farmers were dealing in the commercial market or in the housing market under Central Mortgage and Housing Corporation they could escape the frozen high interest rate, but under the present Farm Credit Corporation infrastructure they cannot escape from their long-term contract with a readjustment.

Mr. Olson: Mr. Speaker, may I ask the hon. member a question?

Mr. Nowlan: You are taking away my valuable time.

Mr. Olson: Is the hon. member not aware that the Farm Credit Corporation has always had a provision by which any loan can be paid without notice or bonus, so no one is locked into a contract. The situation is contrary to the

[Mr. Nowlan.]

comment of the hon. member that the only way it can move is up, unless it is paid off.

Mr. Nowlan: I am aware of what the minister says, but the fact is that if you start to renegotiate you must pay a bonus or penalty in renegotiating the loan, with all the legalistic fees incumbent upon any mortgage. At one time I practised as a lawyer in the city of Vancouver and was involved in land mortgage work. Frankly, this is one part of the priesthood of law that I cannot quite reconcile. I do not believe I would be able to do so even if I were not a member of the opposition.

If I were a member of the government I would have second thoughts about doing CMHC work and/or Farm Credit Corporation work because the poor mortgagee, the citizen of Canada under the CMHC Act, or the poor farmer of Canada under the Farm Credit Corporation Act, is paying through the nose for the legalistic services for what he has already paid. As a lawyer, I say that this minister, who is not a lawyer and who supposedly has had good legal advice, has not done one thing to correct the abuse in respect of the mortgage laws of Canada.

I am digressing, Mr. Speaker. There are serious questions involved in these amendments. Quite frankly, so far as those of us from Atlantic Canada, especially Nova Scotia, are concerned these amendments are just catching up with the practice in farm financing which we have in Nova Scotia. The Farm Credit Corporation is not the number one reservoir for funds. In fact, it is almost the court of last resort. If we needed any justification to consider amendments to the Farm Credit Corporation Act so that it could be more meaningful and contribute more constructively to the problems of farm financing, we would merely have to take partially the minister's word and more particularly the more detailed report of Federal Farm Credit and Related Statistics published in 1971, in which at page 5, among other things it says:

Lending in 1970-71 dropped 28 per cent from the previous year from \$158 million to \$116.5 million and continued a trend started two years earlier resulting from economic conditions, higher interest rates and higher land prices. The average size of loan, however, was somewhat larger and a higher proportion of funds was used to refinance existing loans.

I shall stop there and continue in my own language. We are to have higher loans and higher financial charges with which to finance the farm. That is what the hon. member for Mackenzie wishes to avoid in respect of the farmers of this land. The report continues with these words at page 5. If anyone has any doubt about the validity of the amendments—and they do not go far enough—this is what the Farm Credit Corporation has to say about its own act:

There was a further reduction in the proportion of loans used for land purchases. In 1970-71, one-third of the funds was used to purchase land, compared with 42 per cent a year earlier. About three million dollars were loaned for housing, down from ten million three years earlier. With more difficult economic conditions—

What else do we want other than more loans and more financing when economic conditions become difficult? But what happens? Now everything is down, including loans for those who need it; and the value of the farm is down. The minister's statistics show that it goes up, but the real value goes down.