

Farm Debt Review Act

While we have very useful programs to stabilize prices and maintain farm commodity prices in this country, the situation with respect to international commodities like red meat, grain and cash crops has deteriorated dramatically since the passing of the U.S. Farm Bill. Clearly, this legislation was required last year and is certainly needed now, so we are glad the Minister has brought the legislation before the House.

• (1520)

It is not nearly as strong or effective legislation as that which was considered in this Chamber exactly two years ago, in June of 1984, when Bill C-17 was before the House and its committee. Hopefully, the Minister will respond to the representations and amendments which are being placed before him this afternoon and will strengthen the Bill so that it can be effective.

We want to ask the Minister to contact the chartered banks to ensure that they do not move against the farmers at this time before the farm debt review boards, review panels, are established, because it is clear that it is a concern of many farmers that the chartered banks and other lending institutions will move against them. We certainly hope that the Minister will call in the presidents of the banks and obtain commitments in writing that they will not move against the farmers until these farm debt review boards are established.

I certainly hope that the Minister will not immediately lift the moratorium on Farm Credit Corporation foreclosures as soon as the farm debt review boards are established, because it will take a number of weeks or months until this legislation is functioning. I believe he should maintain that moratorium for several months. As well, he should go to his colleague, the Minister of State for Small Businesses, who is responsible for the Federal Business Development Bank, to ensure that it stops action against the farmers.

A colleague of mine, the Hon. Member for Glengarry—Prescott—Russell, recently heard of a farmer closed out by the Federal Business Development Corporation.

Mr. Boudria: Yesterday.

Mr. Foster: That kind of action by a federal agency, when this kind of legislation is before the House, is totally unacceptable. I certainly hope that the Minister will call in not only the chartered banks, but, as well, the Federal Business Development Bank, to ensure that they are not moving precipitously against farmers during the period of time that this review procedure is being established.

I am really concerned that, without any real teeth in this system, there will be a total constipation of the system. The Prime Minister, in his statement of April 30, said that there were 8,000 farmers waiting to take advantage of the legislation.

If that is the case, with 10 review boards, or perhaps even less, in this country, it is not expected that they could move that rapidly to deal with the problems facing those 8,000

farming individuals. Certainly, the banks could take the attitude, "Well, we will just sit on our hands. This legislation really has no teeth in it". Even where the banks are being unfair, unjust, or unreasonable, there is no legislation to call to account those lending institutions. I certainly hope the Minister will accept our amendment in that respect.

Clearly, concerning the Grey—Bruce review board set-up, generally the situation was that the banks simply sat on their hands until the review was complete. The FCC refused to write down. I hope that the Minister has indicated today that the FCC will reschedule or set aside debt when the review board so recommends.

Many farmers are involved, including young operators who bought their farms in 1977 or 1978. Where the asset value of the farm has dropped and there will be severe losses, but where there is goodwill and a competent operator, an arrangement could be negotiated where such a farmer could be given enough leeway to operate so that it will be he who ends up running the farm, not the neighbour down the road or someone else. We know that farm values have dropped by 25 per cent to 50 per cent. Clearly, if there is a drop in the world price of grain on July 1 by 20 per cent, we will see another drop in farm values in grain-producing areas of at least 10 per cent, I would estimate, because that kind of loss in grain prices cannot be sustained without occasioning a similar loss in farm values of at least half that amount.

We want to see the legislation put in place. We want to see a number of amendments passed by the House. We think that the legislation should be here to help farmers. That is why we disagree with Clause 17, which allows the banks to petition the farmer into the farm debt review. I really cannot, for the life of me, see why Clause 17 needs to be in the Bill. To me, it will only be used to intimidate farmers to force them into a review. They cannot be petitioned into bankruptcy, but under the Bill they can be petitioned into a debt review.

The Minister tells me that it will concern any debt over \$4,000. Surely we do not want to bring in that kind of legislation which would allow the chartered banks to intimidate farmers. This is a very intimidating procedure, I believe. I want to see the stay of proceedings; and there should be an allowance beyond 90 days to allow crops to be harvested, if that is necessary, or to take care of the cattle, or just to facilitate the renegotiation. The Minister is concerned that it is indefinite. Well, it is not indefinite. Each time that that is extended beyond 30 days, to 60 days or to 90 days, the farm debt review board, the board for the province or the region, must take positive action.

I believe those farm debt review boards will be responsible groups of people. I do not think that, willy-nilly, they will grant indefinite extensions. However, where there is a just reason for doing it, I believe there should be provisions in the law to do it. I hope that the Minister will consider it and allow it to go beyond the 120 days, which he has indicated he is willing to do at this time.