

Farm Credit Act

• (1550)

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

Mr. Horner: After I am through. Let us take a look at where these non-viable farms are which are causing some of the trouble, and which represent the reason for bringing in the great small farms adjustment program. In another table at page 60 of this same publication, we see the percentage of viable farms varies from province to province. In the province of Quebec, only 30.3 per cent are viable compared to 55 per cent in the province of British Columbia, 51 per cent in the province of Alberta, 50 per cent in the province of Saskatchewan and so on. The next comparable figure to Quebec is 35.7 per cent. One could read figures at length from this book to prove beyond a shadow of a doubt that the farmers on the prairies under today's situation are in a much worse position than they have been in any other period of years one might mention.

Mr. Olson: 1972.

Mr. Horner: The minister is boasting about 1972. In his speech he said that conditions are improving up. They have to be improving because they had been down so low. We have to improve our record because arrears on loans are increasing. If the minister is suggesting that incomes will be higher or better in 1972, I say to him and through him to the manager of the Farm Credit Corporation, that I hope the manager of the Farm Credit Corporation will not foreclose any more mortgages than should be necessary. I want to see the farmer have every possible break. I know that at page 8 of the small farms adjustment program, it is suggested that the government will get into the land business. It nails down four points as follows: a listing service to provide relevant information to prospective buyers and sellers; incentive grants to encourage prospective vendors to sell; special credit facilities to encourage prospective purchasers to buy and, finally, the authority to enter the market directly and purchase and resell farms as the need arises.

So, we will have the federal government competing with the Saskatchewan government in that regard. I hope they do not force land prices to rise to such an extent in that province that the farmer cannot pay, so then these wealthy governments will reap their money from the taxpayers and spend it in a glorious way. Surely, this bill is a glaring example of what the government is not doing. It is creating a situation in which the age limit is being reduced from 24 to 18. It may be 19 in some provinces, 18 in others and 21 in others, but only 2 per cent of loans made by the Farm Credit Corporation have been made to farmers under age 25. Therefore, I do not believe the reduction will mean that there will be very many more loans. Then, they have increased the amount that may be borrowed from \$40,000 for a single individual to \$100,000. If a person cannot meet the payments on \$40,000, why should we assume he would be able to meet the payments on \$100,000. The rejuvenated Social Creditor has forgotten about the high interest rates charged for Farm Credit Corporation loans, which have been better than 8 per cent for two years.

[Mr. Horner.]

I listened to the minister on Tuesday evening. He balanced the problem. He asked whether we should refinance, whether we could do it this way or another way. He came to no conclusion. The minister did not have an answer. He said we could do as Central Mortgage and Housing Corporation does and adjust the interest rates every five years. This bill, however, does not include such a provision. I read over again what he said yesterday. He went back over the same problem and came to no conclusion. The bill glaringly omits dealing with the obvious problem that 13,000 loans were made by the Farm Credit Corporation at interest rates above 8 per cent. The government or the Farm Credit Corporation, if my memory serves me right, do not intend to give the farmers an opportunity to refinance even five years from now.

I am firmly convinced that when inflation hits in Canada it will be at the rate it is in Brazil, but I did not know that the minister was prepared to point this out. He said on Tuesday night that next year interest rates will be back up to 8 per cent, 9 per cent or 10 per cent, and that really he might be doing the farmers some harm if he gave them an opportunity to adjust interest rates in five years. Why do we not have a clause which would allow the interest rate to be adjusted every five years as is the case with Central Mortgage and Housing Corporation? When you borrow money to buy a home, the mortgage always contains a clause in respect of refinancing. However, this minister does not want this because he believes interest rates will be higher and we had better remain where we are at 8½ per cent.

At one time the minister campaigned across Alberta saying that a 2 per cent interest rate was all that was necessary. The position of the Social Credit party was that 2 per cent on loans was all that was necessary, and that high interest rates represented an evil. Now, the minister will not even allow the farmers the right to refinance, and he holds the rate tightly at 8½ per cent. Then, in a recent speech as reported in the *Regina Leader Post* of March 13, 1972 the minister said:

Free trade is a great thing when it works, but unfortunately there aren't enough constraints within the free trade system for us to accept that this is the way marketing will be.

In that speech he stated that there must be restraint built into the marketing system, and he now shows the country what he calls a marketing system. It is something like the small farm adjustment program. No one knows what is in it. The hon. member for Vegreville (Mr. Mazankowski) questioned the manager of the Farm Credit Corporation when he appeared before the committee. He was dealing with one particular aspect, I believe the special credit section, and the manager of the Farm Credit Corporation said that he believed it had been dropped. On another point, the manager said that he was not sure but he believed that had also been dropped.

So, we do not know what clause 1 of the bill really means when it says that the corporation has all the powers necessary to carry out such duties or functions as may be assigned to it by the Governor in Council. We do not really know what that clause means. No wonder the minister has not sold this program to any province. No province has signed the terms of the small farm program because they do not understand what this means. Perhaps