

ment's proposal or policy for farm adjustment once such policy is made known. This would appear to have been a very reasonable request.

The attitude of the provinces is important in relation to this bill as there may be duplication of services, and this should be avoided. Indeed, I take it that their co-operation, while not wholly essential, is desirable if the results wished for by these amendments are, in fact, to be obtained. Apparently, negotiations with the provinces to date have not been very successful. However, I take it from the statement by Mr. Owen, Chairman of the Farm Credit Corporation, that negotiations are to continue. In one part of his address to the committee of the other place on June 6 he had this to say:

One of the problems in negotiations with the provinces is the question of who is going to administer what. I think I have indicated there is a feeling that the counselling service and this sort of thing can well be handled by the provinces, and that this other, the financial transaction, could well be handled by the corporation. There are other items of discussion with the provinces. What is the criteria you will use to determine if this fellow who wishes to sell is uneconomic and would be eligible for a grant? This is the thing that we do not want to pin down in a definite and detailed way until we have a chance to negotiate and come to a reasonable agreement with each province.

Honourable senators, at least two provinces registered strong objection to clause 1 of the bill. This is evident by the remarks of the Deputy Minister of Agriculture for Manitoba at the hearing on June 8 of the Agriculture Committee of the other place, and as well by the remarks of the Deputy Minister of Agriculture for Saskatchewan made before that same committee at a hearing on June 13. They were definitely opposed to clause 1 and, indeed, I would infer from their briefs that there is a deep distrust on the part of these provinces as to the motives of the federal Department of Agriculture in seeking to amend section 11 of the Act as to the use it intends to make of the expanded power of the Farm Credit Corporation.

Honourable senators, it is difficult for one who is not too well informed on agricultural matters to determine if the criticisms of this bill are valid, so I will not express any firm opinion on it. However, I do say that when we see agricultural people express disapproval of some sections of the bill, and when we see two provinces register strong objection to parts of it, and we do not appear to have before us the attitude of the other provinces, then I say that the Senate Standing Committee on Agriculture must give the bill thorough study. I realize, of course, that it would not be possible at this late date to hear representations from all concerned nor to obtain the views of the provinces. I feel the best thing to do would be for the committee to delete clause 1 of the bill in order that an amendment more acceptable to the provinces might be agreed upon. However, I realize this is not politically possible. I do suggest that the committee at a future date might make a study as to the responsibilities and the relationship between the federal and provincial governments with respect to agricultural policies for Canada.

[Hon. Mr. Macdonald.]

[Translation]

Hon. Gildas L. Molgat: Honourable senators, I would like first to thank Senator Michaud who introduced this bill tonight. I know it will be especially important for his own province. However, I would like also to indicate that, even for a province such as ours, where farm operations are generally on a larger scale, this bill is very important. Bringing this legislation up to date and bringing about the necessary changes on time so that farm credits are quite realistic is a very important matter for western Canada as well as for those provinces where, generally, farms are smaller.

[English]

The Farm Credit Corporation has been one of the great factors in permitting the intelligent development of agriculture, certainly in western Canada. The agricultural marketing problems have been very great and at various times there have been production problems, because of the vagaries of weather and so on. Various governments have taken steps to correct this by means of crop insurance programs. Farm credit is one of the methods by which we can ensure a sound and sensible agricultural development.

• (2040)

Before dealing with some of the details of the bill, with which I agree, I should like to sound a note of caution, that at times too liberal credit facilities and the opportunity of great amounts of credit can be harmful to farmers as well. In all of the handling of farm credit assistance, there should be a very close tie-in with a sound Department of Agriculture, which is not giving too rosy forecasts of the future and encouraging farmers to get into debt beyond their depth. This could in the long run, if improperly handled, be to the great detriment of agriculture. However, there is no question but that a sound, properly managed farm credit structure is vital to keep Canadian agriculture up to date and in a position to produce at a competitive level.

I will not cover all the items of the bill, but will refer to just a few of them with which I am particularly concerned. The powers of the corporation are to be expanded. With this I frankly agree. I recognize that there are great problems here, and there always will be, because of the joint responsibility between provincial and federal governments in the realm of agriculture. It seems to me that too frequently we have had excess duplication of services to agriculture, and in the long run the fellow who pays is the farmer himself. Wherever we can reduce duplication we will be helping farmers to do a better job on their own.

Some years ago my own province set up a farm credit corporation in competition with the federal Farm Credit Corporation of that day. In my view that was a mistake. It is true that at that time the federal Farm Credit Corporation was not measuring up to the times; it had failed to change its rules, and so was no longer sufficiently applicable. To me, however, the proper course would have been to change the federal act, not to set up a competitive provincial structure, which simply adds to the cost and creates a duplication of services.