

ago. I came here 12 years ago. The situation on the farm front, as far as the cost-price squeeze is concerned, has not changed very much except that it has grown worse. The reason is that traditionally operating costs were increasing at a higher or a faster rate than commodity prices. Added to the traditional operating costs, such as fuel, energy, fertilizers and feeds, we have seen in the last year and a half to two years a phenomenal increase in energy and fuel costs and a phenomenal increase in the rate of interest charged against loans. Farmers must have loans. If there is any traditional business group in our community that relies almost entirely upon seasonal or short-term loans, it is the farming community. Faced with interest rates of 18 per cent, 19 per cent and 20 per cent during the latter part of 1981 and into the first half of 1982 and faced with fuel and energy costs on an annual basis escalating at the rate of 17 per cent to 22 per cent and fertilizer and feed costs rising at the rate of between 12 per cent and 15 per cent, it is not very difficult for anyone to conclude that the cost-price squeeze as it affects the farm community in this country has become critical. It has reached the point where farm after farm after farm is going out of operation.

As I sat here and listened today to speeches made by other Hon. Members, I heard them talk about the tragedy of the disappearance of the family farm. Since its beginning my Party, the NDP, has supported the family farm. One of the main reasons why our predecessor, the CCF, became a political national party in the 1930s was the rural protest, not so much the urban, in the west in 1932, 1933 and 1934.

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Perhaps one might blame our party for being too idealistic in the tough times of the thirties when it came into power in Saskatchewan, primarily for supporting rural Saskatchewan, the farming community. We in the New Democratic Party have a long tradition of supporting good farm policies and good legislation. Let there be no mistake about that. The Liberals and Conservatives do not have exclusive priority when it comes to supporting the rural community in Canada.

There are two other reasons. I alluded to high interest rates, which I will get back to in a moment. The other major cause of the problem, apart from general inflation not only in Canada but throughout the western world, is the drop in commodity prices. I quoted the Canadian Federation of Agriculture as saying that grain, oilseed and beef producers are in very deep trouble. Commodity prices are falling drastically all over.

I talked recently with a farmer who told me that in 1979 he was getting \$4.60 a bushel for corn. The best price he could get as of two or three weeks ago when I talked with him was \$3.90 a bushel. When you put together the drop in commodity prices and the rise in operating costs, energy fuel and interest rates on borrowing, you can see why the farm community is in trouble.

Another problem is that in the seventies the federal and provincial Governments and various farm organizations were

### *Farm Loans Interest Rebate Act*

encouraging young farmers to expand, modernize and purchase the latest world class technology, state of the art combines such as the axial flow rotary combine which was engineered, designed and produced in my riding by White Farm Equipment, Massey-Ferguson combine and so on.

As prices were going up, farmers needed more and more operating money to purchase this expensive machinery. In 1975, 1976 and 1977 the banks were throwing money at these farmers. Bank managers were not doing proper appraisals or intensively looking at the books. There was a lot of money and a tremendous demand for farm loans. I repeat, the banks were throwing money at the farmers. All of a sudden we hit a recession. The banks started getting scared. The banks were not gouging quite as successful as they have done historically in this country. Their profit began to decline slightly, so they became scared. They started to call in some of these short-term loans. Of course, this created fear throughout the entire farming community. We therefore have several combinations; an increase in operating costs, a phenomenal increase in interest rates, a decline in farm prices, particularly commodity prices, and the cost-price squeeze.

What does Bill C-134 promise to do? I am afraid not very much. In 1982 the Farm Credit Corporation will have an additional \$200 million to assist farmers, and is promised an additional \$100 million for 1983. I do not know what these amounts are based on because if you average the loans made by the FCC, you find that \$50,000 will help about 500 farmers. I said at the outset of my speech that there are some 20,000 farmers who are financially strapped and in dire straits.

The average loan needed today by farmers who are in dire straits is not \$50,000. That certainly would help, but would not solve the problems of those 20,000 farmers. We are talking more in terms of \$100,000 loans. At 18 or 20 per cent on the open market, that is an additional carrying charge of \$20,000 a year.

It is true that through Bill C-134 there will be a differential in favour of the farmer who is lucky enough to get a loan through FCC of four percentage points. If the rate on the date on which the loan deal is closed is 18 per cent, the farmer will get this loan at 14 per cent. There is one problem. We in the NDP think that this should be a floating rate so that the percentage rate would be adjusted downward from time to time. The borrower would not be hooked into the higher interest rate for six months or several years. It would float according to market forces.

I said at the outset that this bill is not only too little but it has come too late for many farmers in Canada. Let us look at some of the statistics, the amount of money that borrowers are in arrears to the Farm Credit Corporation. In 1982, they were in arrears to the Farm Credit Corporation, in other words not paid up, \$71.9 million or 12.4 per cent of accounts. In 1981 it was \$44.9 million or 9.9 per cent of accounts. The percentage increase in dollar arrears is 60 per cent.

These are alarming figures. Historically and traditionally they have been extremely good at paying their debts. Farmers had one of the highest credit ratings of any business group in