

*Farm Loans Interest Rebate Act*

many farm bankruptcies have been reported in the first nine months of this year. Already 316 family farms have gone into bankruptcy. In nine months, 316 Canadian farmers could not make ends meet any longer and had to shut down their operations. That is outrageous.

In my province of Manitoba so far this year there are five times more farm bankruptcies than there were in all of 1981. There are a lot of people who think Canadian farmers have it made, that they all have new cars, take winter vacations and are getting rich off their operations. Well, they are very wrong. The average net farm income in Manitoba last year was only \$1,809. That does not buy very much. This year things are going to be even worse for farmers. Manitoba farm income will drop by 34 per cent this year. Will their costs of production decrease with their income? You can bet that won't happen.

One of my constituents wrote me a note recently in which he summed it up very nicely. He said:

Please speak on behalf of our grain—"wheat," et cetera. We need \$8 to \$12 a bushel and not \$3.50. A combine costs \$135,000.

Total farm incomes have change little from the 1974 level of \$3.5 billion. In fact, this year total farm income will be less than the 1974 level. When we take inflation into account, it is fair to say incomes are only about half what they were in 1974.

The real problem with farm credit is not simply inadequate credit. It is a problem of a net income too low to pay the bills. To pay bills and upgrade their operation in order to maintain a viable farm, farmers have borrowed at an increasing rate. In 1970 accumulated farm debt in Canada was \$4.2 billion. Last year it had risen to \$16 billion. In Manitoba, farmers last year paid out \$201 million in loan payments, an increase of 359 per cent since 1975.

Those are the facts and figures. For the people who deal in facts and figures, the statisticians, those figures do not lie. Farmers may not understand the over-all picture. They may not have all the numbers, charts and graphs handy which show that agriculture in Canada is in serious trouble, but in their hearts they know very well that agriculture in this country is in trouble.

Let me give an example which I think illustrates the way high interest rates are crippling our agricultural sector. I know of a farmer whose land near the southwest corner of my constituency has been tilled and seeded and harvested by two generations of the same family. Earlier this year this farmer negotiated an \$80,000 loan with a local bank. The loan was an operating loan, something that was required to keep the farm going. Interest on this loan in the first year will amount to \$17,000; \$17,000 just in interest.

Now, this farmer is a hard worker. He takes his farm seriously. It is not just a hobby or an expensive pastime. With the current state of agriculture in this country the "gentleman farmer" has practically gone the way of the rumble seat and jitter-bugging. Farming is far too costly to be something one can dabble in.

This farmer in my riding, by working hard day after day, week after week, year after year, has managed to support his

wife and family over the years. However, that farm has never given this farmer \$17,000 a year. It is not likely to do so this year or next year. How does someone who is trying to keep his head above water in a family farm operation do that when the odds are so overwhelmingly stacked against him?

The agricultural policies of this Government are at the root of the increasing number of bankruptcies in this country. Up until the late sixties, most of the long-term credit needed by Canadian farmers was supplied by the Farm Credit Corporation as well as much of the short-term and intermediate-term financing needs of those farmers. Then the Government began restraining the amount of credit the Farm Credit Corporation could provide. Banks were invited into the farm credit market.

In 1975, 72 per cent of all long-term credit taken out by farmers came from the Farm Credit Corporation. By 1979 only 35 per cent of farmers were able to meet their long-term credit needs with the fixed interest loans provided by the FCC. The Government, with its tight purse strings, has hamstrung the Farm Credit Corporation. It has prevented it from keeping up with the increasing demand for farm credit. In effect, it offered the banks with their floating interest rates a bigger piece of the farm credit action on a silver platter.

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At the same time as it was knocking the props out from under the FCC, the Government introduced drastic changes in its grain policy. Prior to the so-called open market, most feed grains had been marketed outside the Prairies under the auspices of the Canadian Wheat Board. Prices were relatively stable and the competitive capabilities of different regions of the country were more or less equal. But the Government's decision to move to the open market and allow large grain merchants and feed mills back into the grain market on a nationwide basis upset the apple cart. The result was the transfer of some sectors of agriculture activity to different regions of the country. To aid that transfer, some provincial Governments got into the act with subsidized credit or even out-and-out subsidies. By the end of the decade much of the hog production had moved out of the Prairies into Ontario, Quebec and to a lesser extent the Maritimes. To a greater extent, cattle which originated in the Prairies were being fed in Eastern feedlots where the price of feed grains gave them the competitive advantage.

This must have looked very appealing to Government economists, because with all the activity, it looked as though agriculture was booming. But what was really happening was that production was shifting from one region of the country to the other, financed largely with borrowed money. It was fortunate that while this was happening there was a surge in grain prices which carried most farmers through to the end of the decade. But with accumulated farm debt of around \$16 billion and farm income now falling, the results of the shift the Government's "agri-food" policy are becoming evident. Large investments were made in some parts of the country and