

sources, and I am now referring to provincial and federal governments.

It was our committee's impression that any stability in the agricultural industry is so unevenly distributed throughout Canada that the Prairies suffer a great deal. The decline is chiefly in the prairie region where, as I mentioned, our products must compete with those in the international export market. We cannot consume domestically the products from the soil of the Prairies, so we must compete against the United States and the European Community, which overproduce largely because of the subsidies and enhancements that are given to their farmers.

In this regard, I must point out to honourable senators the recent disappointment that our farmers and our Canadian Wheat Board experienced in the middle of January, when we anticipated a fairly large sale of wheat to the Soviet Union. What happened instead is illustrated by this headline, "Soviets Buy U.S. Wheat". Indeed, they purchased almost 500,000 tonnes of wheat from the United States, which beat us in price. How did they do that? It is not that their wheat is better or that their salesmanship is better or that they make better flour or better bread, because nobody can match the hard spring wheat produced on our Prairies. What did they beat us on? Honourable senators, I quote from the *Globe and Mail* of January 15, 1990:

The wheat was sold under the department's Export Enhancement Program, which provides subsidies to exporters selling United States commodities to designated foreign markets.

Senator Gigantès: What about the Free Trade Agreement?

Senator Barootes: I do not think we have a Free Trade Agreement with the European Economic Community, honourable senators.

Senator Gigantès: You just said that the U.S. sold its wheat to the Soviet Union.

Senator Barootes: Your turn will come, senator, if you can hold your patience long enough to hear what I have to say, which you seldom do, Mr. Jack-in-the-Box.

The department in the United States reported subsidies of an average of \$20.67 U.S. per tonne, which is 56 cents per bushel. I say to you—)

Senator Gigantès: Is it the European department or the U.S. department that you are talking about now?

Senator Barootes: What is the gentleman braying? I want to point out to senators that if that were done by our export department, the Canadian Wheat Board, that 56 cents per bushel—which was absorbed by the taxpayers of the United States on behalf of their farmers—would, in Canada, have to be paid directly out of the pockets of the farmers. In other words, they would receive 56 cents per bushel less to match that price. In the United States the farmers receive the full price, because the treasury of the United States is willing to subsidize those exports to what were heretofore our traditional markets.

[Senator Barootes.]

Fellow senators, I say that there is in the Prairies a fairly substantial crisis, or, if I could put it another way, substantial suffering. Something has to be done about it, because we may lose more and more of our best farmers. That, honourable senators, is my report on farm income.

I now wish to turn to the item of farm debt, which is almost as sorry a story, although there is a glimmer of light. It is the second successive year that farm debt in Canada has declined: in 1988 it declined to 22.7 from 23.2 in 1987, and then it declined again in 1989. But Saskatchewan and Alberta are the two provinces which constitute almost 50 per cent of the farm debt in this country, at \$5.5 billion each.

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The good news is this: In financing the family farm, our committee noted that whereas 12.5 per cent of farmers were experiencing financial difficulty in 1987, that dropped to 11.8 per cent in 1988 and to 9.5 per cent in 1989. From the viewpoint of my province, unfortunately, Saskatchewan's scale in this remains at over 60 per cent. It did not decline one iota; in fact, it rose.

Let us look at it from the viewpoint of bankruptcies on prairie farms. There has been quite a drop if we look at the years between 1984 to 1988. Again, marked regional disparities occur. In 1984 there were 551 farm bankruptcies. This figure dropped to 325 by 1988. However, the only province where the opposite occurred was Saskatchewan, where the number of farm bankruptcies went from 48 to 115 in the same period of time. Ontario's rate dropped dramatically to 35 from 154 and Alberta's rate dropped to 54 from 93. Again, it is the province of Saskatchewan which is primarily hit by this disaster or distress.

We then heard witnesses from the Canadian Bankers' Association. They brought some interesting things to our attention. Non-accrual farm loans—and by that we mean loans that are 90 days or more in arrears and, consequently, are designated non-accrual loans—peaked to almost \$750 million in 1987. By 1989 they dropped to \$416 million. In other words, there was a drop of \$330 million. Saskatchewan again accounted for over half the amount that is in arrears, or \$270 million. We hope that that will continue to fall.

We tried to analyze why it was happening. It was brought to our attention that the drop in farm debt was chiefly a result of the writing-off of farm debt by mortgagers—that is, by banks, credit unions and the Farm Credit Corporation. In other words, they lowered their debt and either wrote it off or reduced the value of the assets. This was quite a write-off for the banks. I must give them credit in that respect, because they undertook to do that.

Our committee felt that these statistics of farm debt and farm suffering were all concrete, statistical evidence. What was not brought to our attention in the past, but was during this set of hearings, was that in addition to this financial distress there is the family stress that occurs with this kind of situation—that is, the emotional stress experienced by the family unit. One group that appeared before us brought us