

Agri-bond Program

interest rates because those responsible do not seem to be able to produce any specific solutions.

For the record, I want to ensure that this motion and the agri-bond proposal itself are taken in the proper context.

There is a popular reference nowadays to farming as a business. The comparisons, from a strictly financial point of view, are reasonable—credit and financing are required and records are important both for production and for economic planning. There must be a market and there must be transportation of produce. Efficiency is generally rewarded by increased returns.

The differences must also be recognized. We sometimes lost sight of the struggle, pride and effort of Canadian farmers and the contribution that agriculture makes, not only in strict economic terms, but to our national fibre and basic human survival through the family farm unit.

The following figures tell us what has happened and illustrate the threat that this unit of production faces. In 1941, there were 733,000 farms; in 1971, 366,000; in 1981, just 318,000. Overall, this represents a 57 per cent decline in only 40 years; and 80,000 or one-quarter of the 1981 census farms accounted for three-quarters of total production; in 1940, the average farm produced enough food to feed 11 people, today an average farm feeds 55 people; in 1960, an average farm was worth less than \$27,000, and today it is worth \$409,000; 67 per cent of farmers are 40 or older and 30 per cent have off-farm income.

These figures can be used to describe a number of phenomena, but the key points I would like to focus on are these. Productivity has been remarkable; it has increased constantly every 10 years. Capital requirements have increased by a factor of 16 times in 40 years, and our farm population is aging significantly.

In its report to the Macdonald Royal Commission, the Canadian Federation of Small Business identified, based on current economic information, a revolution in Canada. Its very well documented case illustrates the fact that this recession represents a period of innovation where small business, of cottage industry stature, has sprouted in very great numbers to replace industries whose size, labour costs and overall function leave them uncompetitive.

By its nature, the family farm unit has represented an industry that attracts technology in the form of new seed varieties, disease control, irrigation options, equipment and management practices. It represents a management team, often both husband and wife, that has direct responsibility and that usually provides the majority of the labour component. These factors have resulted in continuous and impressive improvement in productivity.

The massive capital costs of agriculture, today over \$400,000 on average, are of particular interest to the young people who might start farming. This reflects a combination of land prices, equipment and building costs and does not even directly consider the operating capital required. In turn, this speaks to the less than one-third of farmers who today are under 40 and the many who must seek off-farm income in order to make ends meet.

The farm population is even now in the stage where the majority of producers are aging. Younger farmers are ill-advised to enter agriculture in spite of their ability. The only viable means of entry is through an inheritance. The future of this stable and productive primary industry within Canada is threatened regardless of aid offered through a number of political attempts, and perhaps in some cases because of them.

Whether it is through supply management or uncontrolled commodities and whatever the pros and cons of size, techniques or commodity, the most important acute and long-term issue in agriculture today is financing. Other issues can and must, because they are not unrelated, be addressed on another day. Today there is a motion before the House that addresses a critical aspect of financing—interest rates for agriculture.

The agri-bond could take a variety of forms whose net result could be long-term lending to agriculture at interest rates of up to one-half the prime bank rate plus administration charges. If that were transposed today to the Farm Credit Corporation, it would mean an interest rate of 6.5 per cent.

Agri-bonds could also represent a vehicle for retiring farmers to invest, in a secure fashion, directly in the future of Canada's agriculture and be relieved of the capital gains taxes that continue to threaten their financial security in retirement and which even now influence the productive use of farm lands. There is a range of implementation options. It is clear, while this is a concept that was born of a western farm group and first brought to this House by the Hon. Member for Swift Current-Maple Creek (Mr. Hamilton), that there could possibly be unanimous support for the concept throughout Canadian agriculture. It has both provincial support and widespread support in the Conservative Party.

It should also be made clear that the Minister of Agriculture (Mr. Whelan) and Liberal Members of Parliament who have been in power for four years and who are at the end of their mandate, have spoken favourably of agri-bonds but have done nothing. At the same time they have voted in support of Liberal policy that doubled gasoline and fertilizer costs and has produced Farm Credit Corporation policy that has interest rates for farmers now at 13 per cent with many locked in with rates of up to 16.75 per cent. Agriculture cannot and should not be asked to withstand interest costs of this magnitude and maintain the value of its contribution to the Canadian economy while at the same time producing food at prices that on average represent to Canadian consumers the best food to income ratio to be found anywhere.

If this motion passes, there would at least be an indication of the Minister's support for fair interest rate levels for agriculture.

I expect that if any Liberal Member joins in this debate he will point with optimism and satisfaction to the Government's record in the last four years and perhaps even to the proposals, suggested but not yet available to Members, to deal with farm bankruptcies. The records show, Mr. Speaker, that the number