

Farm Credit Act

by the Farm Credit Corporation, how can it be predicted that if we got rid of all or most of the small farmers we would have a more efficient agriculture industry? We wonder where the idea for this plan came from.

When researching the problem of solving that question, I came across Volume 5 No. 5 of the "Canadian Farm Economics" published by the Department of Agriculture in December, 1970. If one considers that this program was introduced on March 8, 1971, the date chronologically falls in the right area. This article was written by two people in the Department of Agriculture at that time. This article, which appears at page 13, is headed "Adjustment Policy". That is exactly what this program is called. It points out that a certain percentage of commercial farms have the potential to become viable and a certain percentage of farms lack that potential. The article reads:

Hence the need for accelerating the transfer of people out of agriculture, provided that people want to leave agriculture, and provided that there are off-farm opportunities for them.

The program deals with exactly that. I go back to the newspaper clipping from the *Calgary Herald* of May 8:

—two major programs—a land transfer plan and counselling services. The farmer's first contact with the program would come through a special adjustment counsellor. He would help a farm family sort out the opportunities both on and off the farm.

If the farmer decides to stay, a farm management specialist would step in to help him develop a sound commercial farm. If necessary, the help would include credit to help buy more land. The farmer who decides to leave would either get training for a new job, or simply go into early retirement.

This is what it is all about, get the farmer out of farming. It is interesting to note the number of difficulties and changes of opinion. I have a newspaper article which appeared in the April 15, 1972 edition of the *Montreal Gazette*. It is headed "A Chance for Youth, Small farming need not fade from our scene". I will not read the entire article. I agree with that concept. I repeat, Mr. Owen, the manager of the Farm Credit Corporation, when asked about the arrears situation, could not identify that particular problem as related only to the small farmer.

I wish to read from page 5 of, "Federal Farm Credit and Related Statistics", published by the Dominion Bureau of Statistics with regard to arrears and difficulties in agriculture. I noticed that the Minister of Agriculture said things were getting better. What does the manager for the Farm Credit Corporation have to say?

About three million dollars were loaned for housing, down from ten million three years earlier. With more difficult economic conditions, expenditures for farm housing tend to be postponed more than loans for other purposes.

In other words, he recognizes that the past few years have been difficult for agriculture.

The amendment put forward by the hon. member for Mackenzie (Mr. Korchinski) suggests two things. Those suggestions correspond with those made in the article headed "A Chance for Youth". They correspond with what the hon. member for Lac-Saint-Jean (Mr. Lessard) said yesterday, namely, that the average age of farmers is 55 and we should be encouraging young people to become interested in farming. There will be a special forgiveness clause for a young man getting into agriculture and a postponement of the payment of interest on loans taken

[Mr. Horner.]

out. In my opinion, this will help many of the agricultural conditions.

The hon. member for Lac-Saint-Jean quoted from one table in this publication. It appears at page 37 and is with regard to the increase in farm values over the past 20 years. He caught my interjection that farmers live poor and die rich. What I meant by that was that a farmer works and contributes to the value of his property. He improves the property, that is the fences and buildings. Naturally, over a period of 20 years, the property should increase in value. It is only natural to think that, as a result of these improvements and inflation, the land value will increase over a period of 20 years.

The hon. member referred to only one table in a publication that is filled with statistics. It is the only table that projects any increase in prosperity in the agricultural scene whatsoever. What will happen to that increased value in 20 years, now that this government has implemented a capital gains tax? There may be a similar increase in land value in the next 20 years, but with a capital gains tax what will happen to this land, some of which may be owned by the Farm Credit Corporation? With a capital gains tax, what will happen if a father attempts to pass the farm on to his son? He would also like to pass on the debt, but that would be very difficult.

Agriculture is in a very difficult situation today. The minister suggested that things are pretty good. Table 37, which appears at page 62 of this publication, outlines gross and net incomes of farmers by province. I am not going to read the figures for every province, only the total for Canada. From 1961 to 1966, the average was \$1,462,000,000. In 1967, the figure was \$1,475,000,000. In 1968, it was \$1,700,000,000—I am rounding these figures off—and in 1970 it was \$1,200,000,000, or, more accurately, \$1,233,000,000. These figures give us an idea as to the extent to which farm income has declined. Is it any wonder farmers are in difficulty?

• (1540)

What has been the situation in connection with arrears in loan repayment? The hon. member for Mackenzie put on record yesterday some figures which had been presented as evidence before the committee, showing that the farmers of Alberta were in arrears last year in the repayment of loans to the extent of 21 per cent. In 1970, the figure was 15 per cent. So, there has been an increase in the amount of arrears in one year by something like 25 per cent. Alberta is a prosperous province. The cattle industry is supposed to be doing well. Why should there have been such a marked increase in the amount of arrears on loans? The same pattern appears in the case of Saskatchewan and in the case of Manitoba. If conditions had been so great, why has difficulty arisen in connection with repayment?

One can look at other tables in this publication. On page 58 we find table No. 32 consisting of indexes of farm prices of agricultural products and prices of goods and services used by farmers. There has been a generally downward trend in farm prices since 1966. In that year, the index of farm prices stood at 307,—in 1970 it was 296. It is slowly declining. What has happened to the cost of the services and goods the farmer must use? In 1966, the