

Farm Credit Act

There is one other suggestion I have to make in connection with mortgages. At the present time it seems that a farmer who applies for a loan is required to mortgage all his property in order to qualify. It appears to me to be more logical that each parcel of land should stand on its own. Farmers might then tend to be more careful when borrowing money, and loans would be more directly related to the actual productivity of the land. There would be a further advantage. If a farmer were so unfortunate as to be in danger of losing his land and going into bankruptcy it might be possible for him to salvage, say, one quarter of the land; he would not lose his farm completely. At present there seems to be no way in which a farmer who has fallen on hard times can salvage something in compensation for his labour. There may be areas of farming in which the limit of \$100,000 on any single loan is a reasonable one. I doubt, however, whether a loan need be as large as this in the grain industry today. In my view it would not be good for a large proportion of our agricultural land to become mortgaged to the state.

Whatever else may be wrong with Canadian agriculture it is certain that individual farmers here are much more efficient than their counterparts in a state-run economy such as Russia, and able to produce a great deal more. It is generally agreed that the agriculture industry in Russia should perform much better than it seems to be doing; in this context it is significant that some 40 per cent of the Soviet people are still working on the land. It is my belief that the mortgaging through the Farm Credit Corporation of an increasingly large proportion of our farmland will eventually amount to government control of agriculture with a consequent loss in efficiency. Many of the so-called land bank schemes will, in fact, work in this way. The leasing of land from government sources seems to result, inevitably, in inefficiency, causing an increase in food prices without, however, benefiting food producers to any significant extent.

In conclusion, I suggest that this bill should be given a thorough examination in committee, bearing in mind that the making of large government loans to individual farmers, creating a heavy capitalization, carries with it many social and economic implications of which we are only now becoming aware.

Mr. Doug Rowland (Selkirk): Mr. Speaker, by way of beginning I will say that I am not going to be very long so that whoever is to come after me may prepare accordingly. If there is a theme to what I am about to say it is this: with the possible exception of clause one and the related clauses of this bill, I find myself to be in agreement with its provisions and I would say it is a reasonably good piece of legislation.

Some hon. Members: Hear, hear!

Mr. Rowland: However, and this is the point, farm credit legislation, even good farm credit legislation, is useless unless farmers are in a position to take advantage of it, and today they are not. The farm economy is so depressed and the farm cash income so low that too many farmers are already finding great difficulty in meeting their obligations to the Farm Credit Corporation. The experience of the last three years will, I predict, make farmers extremely reluctant to take advantage of the changes in

[Mr. Ritchie.]

the legislation provided in this bill. If the measure is ever to have the effect the government intends, then the government must first take action to improve the dollar return to the farmers and to introduce an element of stability into farm cash income. And any such stabilization plan must be based on net, not gross, farm income.

If this legislation is to have beneficial effects, the government must first remove the farmer from the effects of the cost-price squeeze in which he now finds himself trapped by taking, in addition to the measures I have just suggested, immediate action to implement the major recommendations of the Barber Commission on Farm Machinery, for example. That is the point I wish to make. However good farm credit legislation may be, it is doomed to be ineffective, indeed useless, unless conditions are first created which will permit those for whom it is intended to use it. Those conditions do not now exist in the agricultural sector of our economy, and despite the fact that this government has been in office for four years it has done very, very little to create those conditions.

• (1530)

To illustrate, may I read into the record two questions placed on the order paper by my colleague the hon. member for Battleford-Kindersley (Mr. Thomson) and myself respecting the Farm Credit Corporation as it is presently constituted, and the replies that we received to those questions. First, my question No. 402, answered on Wednesday, April 19, asked:

What percentage of farmers having loans with the Farm Credit Corporation have been unable to meet their obligations to the Corporation during the past two years?

The answer was as follows:

The percentage of all borrowers in arrears increased from 6.4 per cent in 1968 to 9.9 per cent in 1969 and to 15.1 per cent in 1970.

Then I asked:

Of those farmers who have successfully met their obligations, what percentage have been forced to borrow money from other sources in order to make their payments to the Farm Credit Corporation?

The answer to that question was "information not available". Then, I asked:

If the information requested in part 2 is not now available, is any attempt being made by the Farm Credit Corporation or any other government department or agency to obtain such information?

The answer to that was:

No. The Corporation does not believe it should, nor does it have the power to, require borrowers to declare the source of funds with which they make their payments.

It is well known to all of us with any association with rural communities that a great many farmers are paying back Farm Credit Corporation loans by borrowing money from their families, relatives and friends, and their debt position is increasing. The figure of 15.1 per cent would be considerably higher if farmers did not have families, relatives and friends to draw on in times of difficulty.

The question of my colleague from Battleford-Kindersley asked:

What percentage of Farm Credit Corporation loans were in arrears in each province in the years 1969, 1970 and 1971?