

### *Farm Loans*

the initiative to meet our colleagues in the parliaments of those nations to talk about this matter, because our ministries and public servants have failed in the past. Farmers want us to get together and not sell products below the cost of production to subsidize our Soviet friends as they build up billions of dollars of arms or to subsidize our Japanese friends who purchase our wheat for \$6 and sell it to their people for \$12 so that they do not compete with their own farmers. There are countries that require food and can afford to pay. The countries with the capacity to produce should be seeking more of those funds. I am not suggesting that those funds should go strictly to farmers. If there is some surplus or a reasonable profit over the cost of production, we may be able to establish a food bank to assist countries which do not have the capital to pay; perhaps they could buy some of our surpluses.

● (2030)

I do not have time to present my many ideas, but I will have that opportunity in committee. The Farm Credit Corporation has served our farmers admirably over a number of years. It ought to be assisted now so that it can continue to serve them. This bill will begin that process. Hopefully other ideas will be placed in the bill in committee and before third reading debate so that we can better serve Canadian farmers.

**Some hon. Members:** Hear, hear!

**Mr. Stan J. Hovdebo (Prince Albert):** Mr. Speaker, Bill C-88 respecting loans to farmers has been needed for a considerable amount of time. We will discuss it in a fairly detailed manner in committee. We will be discussing matters which are important to farmers, such as basic rates and the availability of funds.

I was most interested in hearing the Minister of Agriculture (Mr. Whelan) talk about the banks when he introduced the bill on January 28. He was most critical of the banks in his remarks. Also I was most grateful that the hon. member for Humboldt-Lake Centre (Mr. Althouse) corrected the minister's remarks by quoting the minister's words of four years earlier. In 1977 the minister was more than willing to do business with banks. On October 25, 1977, he said:

I take my hat off to banks and other interested financial organizations who are starting to get involved in long-term agricultural lending programs because I welcome progress. And this is progress.

On January 28, 1982, the minister said:

As I have said outside this House, I am extremely disappointed in the way in which most of the banks, but not all of them, have handled the demand for farm credit.

The minister went from boom to bust with the private sector in less than five years. We should let that be a warning to the messiahs in the House who always find salvation in the private sector.

Some of us have longer memories and are not as trusting. Some of us will always wonder why the minister was so trusting back in 1977. The record of banks respecting long-term financing for agriculture in the 1930s was not one of glory. The experiences of foreclosures and abandonment of

farms across the prairies led to a permanent divorce between farmers on the prairies and their banks. Farmers would not go to banks for credit back in the 1930s because they had continuously lost their land as a result of very small loans. One result of the divorce was the growth of credit unions, particularly in my home province of Saskatchewan. Another was the departure of banks from long-term farm financing until 1977.

As I have indicated before, the Minister of Agriculture was quick to welcome back the banks in 1977. Now he must tell the House that because banks were not really providing long-term financing, they have not really returned at all. This matter is worth pursuing in some detail. Most of us are aware of the greatly increased dollar amounts required for farm credit. According to the 1981 annual report of the Farm Credit Corporation, the amount of long-term credit granted in 1979 was \$1.75 billion, up from \$1.1 billion in 1978. These are the latest figures, but the amount for last year was probably considerably higher. Of that amount of long-term credit in 1979, the banks granted \$371.6 million or 21 per cent of the total. This is a substantial amount when it is considered that in years prior to 1977 banks were not in that field at all.

According to the minister, these preliminary figures may require substantial revision. I wonder why. The minister told us that the banks were not in the long-term credit field. Long-term credit is defined as financing for more than a ten-year term. Also, most of us presume that long-term credit means credit at a fixed interest rate, but "not so", the minister told us. Banks have now turned their so-called long-term financing into demand notes. Farmers are faced with a choice of floating rates of financing or no financing at all. It is kind of a Hobson's choice of which most farmers and I want no part. But it is a situation which farmers must confront because, as the Minister of Agriculture admitted in the House, the actions of the banks are perfectly legal under the Bank Act. Instead of having long-term credit at a rate for which they can plan, farmers have been facing extremely variable and high interest rates up to 24 per cent. It is of little value for the minister to rail against the banks publicly when other remedies are at hand.

● (2040)

The government of Saskatchewan made its intentions clear to the banks when it introduced its home owners protection act. That bill was so clear-cut that in the Saskatchewan legislature members of the party to my right reversed their position and supported the bill when it came to a vote. The banks did not like it, but just about everybody else did.

In 1944 the government of Saskatchewan passed the farm protection act, which has stood ever since. I mention that legislation as a reminder to the minister that legislative action is an alternative, and I suggest that he look at it and use it. Failing a legislative alternative, we must look again at the sources of long-term credit. This field has been overwhelmingly dominated by the federal government in the absence of other lending institutions.