

Farm Loans

ing the loans of the Farm Credit Corporation to farmers. Improvements in food production in Canada should be our number one priority. I am sure we are all aware that farmers are one of the major pillars of the economy of the country. During this time of economic disparity, inflation and rising costs of production, they need a strengthened role of Farm Credit Corporation. Proper legislation for the corporation is crucial to the farm community and to Canada as a whole. I am pleased to see this legislation brought before the House; I am pleased to see the amendments proposed by the Minister of Agriculture (Mr. Whelan).

Although I have many concerns about a number of amendments, in general I feel that they will afford the corporation more flexibility and a greater opportunity to assist agriculture. There have been problems with the Farm Credit Corporation in the past, but those problems are mainly through interpretation of the act and because of a lack of funding for the corporation itself. I hope they can be clarified with these amendments.

One cannot find fault with the individuals in the field. The staff of the corporation is very thorough and helpful, but it is tremendously hindered by not having the necessary funds to do the job. One only has to talk to Farm Credit Corporation staff throughout the country to see that it has a feeling of concern for agriculture. But it just does not have the funds to do something about its concerns. Hopefully we in this chamber can overcome this.

● (1720)

I notice that the amendments are going to increase the board of directors from a complement of five to a complement of seven members. I have mixed feelings about that. I suppose I cannot see anything really wrong with increasing the board of directors to seven because it affords us more heads to think things out. But I hope, Mr. Speaker, that the increase from five members to seven is not used to offer more jobs to political patronage persons within the Liberal Party. I am sure the minister will assure us that this will not take place. I have that faith in the minister and in his concern for agriculture.

I have some concerns about other things like patronage, but I also have a concern about creating corporations that are top heavy. I would sooner see the funds that may be placed in expanding the board of directors put out into the field and provided to the farmers instead of to develop a larger Crown corporation. Something of this nature is one issue that we can thrash out in committee.

Competition is stiffening in the agriculture community, both here in Canada and abroad. It is essential and necessary that farmers receive assistance, be it financial to make major investments in new technology and new machinery, or to assist them in selling their produce not only domestically but on the export market. That is one of the reasons we are also debating the Canagrex legislation this week here in the chamber.

In order to keep abreast of this technology, farmers are going to have to maintain high production. They are going to have to expand to a scale that is going to be able to afford

them the opportunity to take advantage of modern agricultural methods. These modern methods, of course, are extremely costly and, therefore, funds must be made available to the agricultural sector.

The Canadian Federation of Agriculture stated recently that the Farm Credit Corporation is disgracefully inadequate to the quest of farmers for real help. The \$50 million provided in the budget, of which \$45 million will be allowed to be loaned to farmers, will in fact provide approximately \$100,000 per farm. The average appears to be somewhere between \$90,000 to \$100,000 in loans. But is \$100,000 enough? We see now that we are raising the ceiling to \$200,000. I am in agreement with that amendment. A farmer needs at least \$200,000 to start a farm operation these days. Consequently that loan will only assist 225 farmers. We had hoped when we were in the government, for that all too short a period, that farm credit would be increased over a period of years by some \$500 million. That is a more realistic figure and one we should consider in our deliberations in committee.

We are looking at situations now where some farms are worth in excess of \$1 million. How does a young fellow today buy a million dollar farm? We do not have too many young people in Canada with a million dollars floating around in their pockets. Certainly there are some who have possibly worked with their fathers, built up little nest eggs of about \$50,000, maybe even a little more. Say a young farmer puts his \$50,000 down on his dream and then approaches the Farm Credit Corporation, and hopefully he can obtain the maximum loan of \$200,000. That provides him with \$250,000 toward that million dollar farm. But there is still that other \$750,000 to make up. This young fellow, I suppose, if he has sufficient backing from his parents, could go to another lending institution and borrow that money. Or possibly the person from whom he is buying the farm can take back a second mortgage of some \$750,000.

That is an awfully large step for a young fellow to take these days, especially when one considers the interest rates required for second mortgages. But it is also a very large step for the person who is selling that farm. What is that farmer who is selling the farm going to do when he gets \$250,000 cash for his farm, then takes back a \$750,000 mortgage? If we read the budget of November 12 brought before this House by the Minister of Finance (Mr. MacEachen), we see the answers.

That is just one of the reasons why we have to take a long look at farm credit and farm financing in Canada. As we witness more and more farmers leaving agriculture, either by choice or by bankruptcy, it is evident that there is currently little attraction for new would-be farmers. Even if the funding is available, the rate of interest is phenomenal. My hon. friend who preceded me mentioned that the current interest rate is 16.75 per cent if one qualifies. This rate of interest is not only disheartening to a young farmer wanting to get into agriculture, but also to the successful farmer who may want to expand his operation.

We do not have to look very far to see what the problems are in agriculture or to see what problems there are within the