

Agriculture

year. The FCC continues to be a very important factor in the smooth passage of a farm from one generation to the next and most of the time within the same family. This maintains the family farm as the main system of agricultural production in Canada, and such a system has been proven to be better than any other. Furthermore, by offering an efficient method of succession, the loss of productivity that we witness on farms that have to go through prolonged estate contention is eliminated.

For the last four years, the FCC has not required an appropriation from Parliament and, furthermore, it has contributed profits to increase the equity of Canada. Present projections indicate that the level of profit should increase progressively in the future.

● (1740)

These are some of the more tangible elements indicating the contribution of the Farm Credit Corporation to the productivity of Canadian agriculture. There are many intangible contributions. For example, the farm and financial management counselling by FCC credit advisers contributes to the successful investment plans of many farmers who visit FCC but are not given a loan. These credit advisers are highly respected by the farming community, bankers, provincial credit and agricultural extension people, as well as others. When the small farm development program was initiated, the FCC was asked to administer the program because of its competent network of staff distributed throughout all the agricultural communities in Canada.

The corporation hopes to be in a position to offer beginning farmers a loan program better adopted to their restricted cash flow during the start-up period. We would do this by reducing initial payments for a maximum period of three years and then reamortizing their debt over the remaining term of the loan. This program would be complemented by intensive advisory services in the area of agricultural financing.

The FCC will continue to examine on a case-to-case basis the situation of many young farmers who are currently in financial distress because of high interest rates, and we will offer assistance whenever a practical solution is possible. We hope that Canadian farmers will take maximum advantage of the services offered by the FCC. We are convinced that this will allow Canada to successfully face the challenges of the 1980s and enhance its excellent reputation in the world as a major agricultural power. Thank you, Mr. Speaker.

Mr. Murray Cardiff (Huron-Bruce): Mr. Speaker, I was about to say that I rise with pleasure to speak on this motion, but I wonder how it could be a pleasure to speak on a motion such as this which relates to so many of our farmers who are in the plight they face today. We know there has been a dramatic increase in the percentage of farm bankruptcies, but few in relation to the actual number of farmers that exist. We have heard the figure of 1 per cent in this regard, but we know that is not a correct assessment of the situation. Perhaps the statistics indicate that, but there are some areas in Canada and in Ontario where the problems are greater. We do have regions

in the province of Ontario capable of growing various crops. It appears that our red meat industry is in much more difficulty than some segments of agriculture producing selected cash crops. Some of them have done extremely well this year. A great part of Ontario agriculture is made up of mixed farming, including beef, pork, poultry, dairy and other products.

The plight of the farmer who is losing his equity daily because of high interest rates being paid to the banks or feed companies never seems to be brought to the attention of this government. These farmers face the inability to raise credit and often have to get credit wherever they can find it, often from a feed company or a feed manufacturer. These farmers are paying as much as 30 per cent interest on their credit.

We are also aware of some farmers who are working under quota management supply system, yet are still facing severe problems. I know the Minister of Agriculture (Mr. Whelan) is aware of the case of one individual I have in mind who has suffered various degrees of distress over the last two or three years. He had a fire in his operation not too long ago and a personal accident in his family. This has set his family back somewhat. He built new facilities, and during the past year he had to sell some of his milk quota in order to carry on. At the present time he is trying to find ways of keeping his family farm viable. His two sons are ready and willing to take over but cannot raise the necessary capital.

Many beef and cash crop farmers were in very good financial shape two, three or five years ago. As a result, they have borrowed more money over the years and now find themselves in the position of being unable to handle the interest rate. They have been borrowing on a floating interest rate which has turned out to be devastating.

I do not know when we developed this idea of having a floating interest rate. It looked good at one time, but we certainly can see its bad effects today. No major company would enter into long-term debt without selling debentures at a fixed rate. In this way the company knows what its costs will be for the term of the debt. I do not know why we find ourselves in the present situation with the floating interest rate policy. Perhaps this is a banking problem that comes under bank legislation, but the problem does exist and I do not know how to correct it.

Some banks have been more than willing over the past few years to make loans at fixed interest rates. Other banks have discouraged this or have actually refused. I know of instances in the last year when fixed interest rates loans were not available even for capital expenditures or the refinancing of mortgages on agricultural lands.

There are many feedlot producers in my part of Ontario who are at present facing a crisis. The minister is aware of some of these cases because he has visited that part of Ontario quite often. He knows what is happening there. Many of our feedlot operators and livestock producers are not going to be able to carry on. There are dozens and dozens of operators within 20 minutes of where I live who are not going to be financially able to put livestock back on their feedlots, or keep their hog barns full. This situation has a devastating effect in