

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc, I move the adoption of this report.

Motion agreed to and report adopted.

AGRICULTURE AND FORESTRY

CONSIDERATION OF FIFTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on Agriculture and Forestry (farm financing), presented in the Senate on December 20, 1989.

Hon. Efstathios William Barootes: Honourable senators, although I am not as well prepared to speak on this report as I would like to be, I am going to try to give some highlights of the report in order to accommodate my instructor and mentor, Senator Olson, who wishes to speak on this subject. I understand that Senator Hays and several other senators also wish to bring their views to the attention of this house.

I am informed by him that it is customary—in fact, almost mandatory—that the chairman of the committee open the discussion on the report, and that is why I have rather hastily reviewed some of my notes and undertake today, with some humility, to bring these findings to the attention of the Senate.

Honourable senators should realize that the report which we have undertaken and brought to the Senate's attention is a follow-up of a report done a year and a half earlier by the same committee on the situation of farm credit, farm debt, and farm income. This is what one would call the next annual review of that situation. That fine report was brought to the attention of the Senate by the eminent chairman at that time, Senator Hays.

In my last presentation on this matter I acknowledged not only the committee members who worked so diligently over a short period of time to update this report but also those very fine people who were called in on short notice to add to the testimony which they had given to us two years earlier. I also paid homage to our staff and researchers who worked to bring the report to the Senate under the December 20 dateline.

This study followed the format of a former one in which we studied farm income as it related to previous years; farm debt as it related to previous years; farm credit—if you will, the credit standing of the farmer—and the Farm Debt Review Board, which was new and which was working with these distressed farmers.

From the viewpoint of farm income, there has been improvement from the deadly period of 1986 and 1987, with slight improvement in 1988, some more improvement in 1989, and, I must tell honourable senators, some very dreadful projected results for 1990.

We studied this under the various farm indicators. One is cash farm income; a second is realized net income, which is the farmer's cash income from which is subtracted depreciation of his assets; and a third is known as total net farm income,

which takes into account the value of inventory change on a farm. It is a major but unstable source of potential income, but it is probably the best guideline.

● (1500)

Honourable senators, let me point out that the ravages that have occurred on the prairie farms were not equally inflicted upon farmers in other parts of the country, so that the improvement of which I spoke, which was in respect of total farm income in Canada, related to certain gains or, if you will, stability in the farming sectors of eastern Canada, the Maritimes and even British Columbia. What tends to keep down the total farm income is the farming economy on the Prairies. We have been ravaged by pestilence, grasshoppers and other pests—)

Senator Gigantès: Tory governments!

Senator Barootes: Secondly, we have suffered a prolonged period of drought, and I will tell senators something about how extensive that drought is. Thirdly, commodity prices for our grains and some other products have been very hard hit—"side-swiped" is the best word I can use—in the battle of subsidies for exports between the European Economic Community and the United States of America, both of which have deeper pockets, if you will, than has the Canadian treasury. We have suffered from these depressed farm commodity prices.

It is this prairie plight that has kept our agricultural industry in the west virtually—I say "virtually", not "totally"—on a critical basis for the last three or four years. I will not draw to your attention too closely the figures, except to say that, whether you take realized net income or cash receipts, we are in trouble in the west in the grain area. We have been in trouble for a number of years. There was some recovery in 1989. We were sustained, praise be the Lord, by the great Government of Canada, which supported us in our years of drought, pestilence and low prices. Had it not been for the special assistance that was offered I am sure that half, if not more, of the agricultural industry out west would have gone under.

To draw to the attention of honourable senators how terrible this could be in 1990 I must provide some projected figures, which come from Agriculture Canada. Agriculture Canada's forecast for total net income in the 1990s in Canada is \$2.8 billion—and this is the important part—which is 43 per cent below the level in 1989, if projections are accurate—and I do not say they are, because I have never found any projections to be exactly accurate. Total net income in Saskatchewan will only be \$177 million, down from levels of \$3 billion and \$4 billion in the past. In fact, one of the projections shows negative income for the farmers of Saskatchewan. Those from Alberta will be almost as badly off, with a 66 per cent decrease, dropping to \$279 million. This pronounced drop in farm income in 1990 can be explained not only by the rising farm operating expenses, which keep rising almost exponentially year to year, but also by the low grain prices and a substantial decline in projected program payments from other