

*Farm Loans Interest Rebate Act*

that are being made. In particular I would like to mention the manager in the Walkerton office. He has a real feeling and understanding for the needs of agriculture. He does his best to help the local farm community within the limits and constraints that are provided by the Bill and the different revisions that have been made to the Farm Credit Corporation legislation.

Beyond that, we also know that farm credit has only provided a proportion, approximately one third, of the financial requirements of agriculture and that the regular lending rate of the Farm Credit Corporation now is 15.75 per cent. That 15.75 per cent is now well above what it cost the Farm Credit Corporation to borrow from the Government. The Bank of Canada prime rate is now approximately 11.25 per cent. One of the reasons that agricultural borrowers have to pay the high interest rate for at least the next six months is that the Farm Credit Corporation is required to set its rates for a six-month period. It does not have the flexibility in which to deal with the trends, whether up or down, in order to provide the lowest interest rates possible to agriculture borrowers.

Changes should be made to correct this. Whether on a three-month basis or a one or two-month basis, this would provide flexibility. This is particularly necessary now at a time when rates are coming down. Farm borrowers need to have the availability of that capital at the lowest possible interest rate.

The background to this whole situation that has made it necessary for this provision to be introduced really has to do with the state of the economy in Canada. Looking at interest rates and how they have fluctuated, both within Canada and internationally, over the last two years, we have seen the problem grow for agricultural producers.

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It has been mentioned that we in Canada are experiencing the consequences of international situations over which we have no control. There is no question that Canadians are vulnerable to some of the fortunes and misfortunes of the international financial community, of interest rates going up and down, of international trade and so on. It is also true and fair to suggest that we have to compare ourselves and our relative performance with other countries.

In two recent cases we have seen the comparison of Canada's productivity and economic abilities with other countries. "Euromoney", a respected European financial document, has put us in fifty-fifth place, well behind other countries, most of which we would like to be ahead of, such as India, Pakistan and New Guinea. The OECD, in a statement by Sylvia Ostry, shows us at the very bottom in terms of economic performance compared to other western democracies.

Over the past ten years those things have created the crisis we have in our economic situation today. This crisis was experienced first in some sectors of the agricultural community, and the crisis will continue to be experienced as farmers face increasing bankruptcies. So far this year there have been 315 farm bankruptcies. By the end of the year it is expected there will be approximately 500.

That figure is not large. Five hundred people does not sound like a lot today. The important point is that it represents a 65 per cent increase in bankruptcies over last year. When talking about farm bankruptcies, we are talking about farmers who have openly declared bankruptcy and are identifiable. We are really only talking about the tip of the iceberg in terms of what is going on in the farm community.

In his statements on this bill, the Minister talked about the 50 per cent of farmers who are not vulnerable because they do not have significant borrowings. Since becoming Minister of Agriculture the Minister's constituency has decreased significantly. There are now approximately 300,000 farmers across Canada. Five hundred less may not make that big a difference, but the downward trend has been accelerated, particularly in the last several years, because of financial circumstances. It is one that promises to decrease his constituency to a size that may make it easier for him to handle, but it will create many long-term problems for Canada. One of the problems has been that the Government has not had a sense of what is happening at the basic farm unit level.

Efforts that have been made to try to express this to the Government have not been particularly well received. Recently in the area I represent, Bruce-Grey, the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) was invited to speak to a group of farm women. His major address was describing the Government's five and six program and the need for national unity. Both of those may have their place in Government policy and he certainly had a right to espouse them, but he missed the point completely. As they listened to him, they tried to communicate the fact that they were not being heard or being understood, that the Government had no sense of the frustration and difficulties they were experiencing.

When a farm goes out of business, all the related people downstream are also affected. Farmers will be the first to tell you that the reason Massey-Ferguson is in trouble is that the farmers cannot afford new machinery. That is a highly visible example. Beyond that highly visible example are more important examples in communities across Canada. The small-businessmen in the rural communities depend on the agricultural community for support in their recovery, ranging from hardware stores to co-ops and so on.

This impact ripples throughout the entire economy in such a way that unless we have recovery at the primary producer level, we will continue to experience difficulties in unemployment and general economic difficulty which we now see throughout the country. It is at the primary producer level that we must concentrate and ensure that we have recovery and then growth.

There are two aspects to the financial distress we are now seeing. One is the calculated financial aspect and how it relates to the economy. The other is the human aspect, the distress being experienced by both the direct farm families and the communities in which they live.

This psychological stress that has been experienced over such a period of time is, in my opinion, creating a significant long-term problem. They will not recover from this quickly. It