

*Government Orders*

I rise in the House to indicate the Reform Party's support for Bill C-75. The program is being used by an increasing number of farmers. As we enter into the sunset phase of direct subsidies, it is imperative that farmers have access to proper financing. Excess cash flow that had been previously freed up from government subsidies is all but non-existent, and that is not bad. Farmers are now relying heavily on the banks and credit unions to provide them with the necessary cash flow to expand, diversify or maintain their operations.

However, as is the case with small business operators, farmers have had and continue to have a number of difficulties securing loans with financial institutions, whether for buying land or covering operational expenses.

Reformers believe farmers and farm marketing co-operatives have access to financial assistance not through government administered programs like the Farm Credit Corporation and its provincial counterparts but through chartered banks and credit unions.

The intent of the Farm Improvement and Marketing Co-operative Loans Act is: "to increase the availability of credit to farming operations and farmer owned marketing co-operatives to improve farm assets and strengthen production and financial stability". We are talking for the most part about farm improvement loans when we talk about FIMCLA.

Increasing the aggregate amount available to farmers and farmer owned co-operatives from \$1.5 billion to \$3 billion will continue to fulfil the objectives set out by the Farm Improvement and Marketing Co-operative Loans Act. Farmers have utilized this program from across Canada. The program has been extremely popular, with the number of loans issued in the past five years increasing by over 1,000 per cent. Increasing the levels of moneys available under the program to \$3 billion will enable a greater number of farmers to secure loans.

There is some concern, however, with the reluctance of financial institutions to provide loans to farmers without some sort of guarantee from the government. This is not to say these financial institutions will not provide loans to farmers; they will, but with an arm's length of preconditions and unfavourable interest rates.

Why are the banks so reluctant to provide loans to farmers and farmer owned marketing co-operatives? Possibly it is because governments are so willing to get involved in financial guarantees, from megaprojects right down to small business entrepreneurs.

The program over the years has had a default rate of only 1 per cent. A 1 per cent default rate is quite impressive when we compare it with other sectors of the economy. That speaks very well of our farming community and tells us about the quality of the people involved in the agricultural industry.

The banks over the past couple of years have lost incredible amounts of money in defaulted loans to the likes of the Trizec Corporation and the Reichmanns. However, with individuals like the Reichmanns the banks are willing to bend over backward to provide financing for their risky ventures. The chartered banks appear to be prejudiced toward small business and farms or else do not care so much about the smaller accounts even though they likely compose the most reliable sector of bank customers. Farming can be risky as well, but looking at past performances farmers have been a very credible risk.

Farmers see this bill as the lesser of two evils. Ideally we would like to see the government get out of the business of guaranteeing loans to farmers and to farmer owned marketing co-operatives. We do, however, see it as an important step in the transition from a subsidy based industry to an entity able to compete on its own feet.

We have stated in the House a number of times that farmers can compete globally. This can be accomplished with government's getting out of the business of telling farmers or related industries how they should run their businesses.

Unfortunately Liberals have a long history of interfering in places they do not belong. All I have to do is say three letters and members will recognize them immediately, NEP. The blood begins to boil in my fellow Reformers and Canadians right across the country, particularly in the energy producing areas, when they think of the national energy plan. That is an instance where government got involved in business. It should not have done so. It got involved in industry when it should not have done so and messed it up. It is very important the government not get involved directly in business but that its members be the legislators who allow businesses to carry on in a fair and equitable environment.

• (1050)

It is sad to say the government continues to perpetuate the myth that it knows what is best for business. For the remainder of my speech I will address some of the areas the government must remove itself from. One is the lending business.

The Farm Credit Corporation, the FCC, seems to have outlived its usefulness in its present form, a dinosaur that should be put out of its misery. The FCC provides services duplicate to those services already provided by banks and credit unions. As pointed out by the member for Moose Jaw—Lake Centre, there are private lenders willing to do the job and they see FCC as a publicly financed competitor where borrowing money to lend money is not right.

It is ludicrous that a government in debt as much as this government is guaranteeing loans to farmers. The FCC is also in the business of loaning money to farm related industry. How many ways do we approach this? Certainly we are putting