

Borrowing Authority

repayment or he will be in trouble right from the beginning. Of course, farmers do not have the luxury of a national debt that can pile up indefinitely without any concern, and this is the impression with which we in Parliament leave the farmer, especially when we talk about a borrowing Bill.

Private Members' Bill C-653, at present before the Agricultural subcommittee, is attempting to address this problem of borrowing and the consequential repayment of borrowed funds that is faced by the agricultural sector right at this moment. Various witnesses who have come before this subcommittee have emphasized a number of facts that I believe we should talk about and discuss. As has been brought out in the subcommittee, most of the farmers who are in serious trouble are younger, and I think it is fair to say that, to a degree, they are less experienced. Many of them seem to be around the age of 30 which, when one spends a whole lifetime farming, is a rather young age.

A larger percentage of those farmers who are in trouble seem to be involved in my industry, the beef cattle industry, and perhaps this is understandable since the cattle industry has traditionally been a long-term type of farming operation. It takes many years to become established as a beef cattle farmer with a complete turnover in operation. It does not matter what sector of the cattle industry one is involved in, whether it is the cow-calf sector or the feeding industry or even the breeding industry, they are all long-term operations. The long-term nature of the cattle industry is perhaps understandable since I have always felt that it takes at least four to five years before a complete cow-calf cycle can fulfill itself or, by the same token, fail. This adds considerably to the financing of any cattle operation.

The year 1982 continuing into 1983 was easily the worst year of many years, and for many farmers it was a disastrous year. We are still accounting for that, and the subcommittee is making it rather obvious. The immediate explanation for this unsuccessful year is that dramatically increased operating costs have been so apparent over this period of time. Such increased operating costs include interest rates that have been as high as well over 20 per cent, record high fuel and fertilizer costs, record high farm land costs at least up to the end of 1981, and a major reduction in farm production prices such as all cereal grain prices, some of which have dropped well over \$1 a bushel over the last two crop years. We have also seen continuing low cattle prices persist industry-wide over the same two years. We have seen all-time record high machinery and equipment costs, and we must not forget that repair costs for that equipment are also at a record high. A continuation of all these factors has created this crisis in agriculture for many of the younger farmers. Essentially, it is a crisis in borrowing and repayment on the individual farm level.

Very often during the subcommittee hearings I have received personal comments and letters from farmers outlining their particular crisis. They invariably make a statement which I have heard many times and which goes something like this: "Through no fault of our own, a series of disasters has brought on some final crisis or final demise of my operation." The

farmers emphasize that this occurs through no fault of their own. In many cases those farmers were probably alluding to such traditional farm hazards as drought, especially in western Canada, killing frosts, especially in the summertime, and various forms of plant pests and diseases. The same goes for livestock farmers.

These and many other farming hazards are more or less routine or standard hazards that any farmer must face. If the farmer is serious about engaging in the farming occupation all his life, then surely he must plan according to those risks. Certainly a serious drought or a killing frost is not the farmer's fault, and we all recognize that, but surely all farmers, especially successful ones, are well aware of this risk and must be prepared to acquire a philosophy of living with this possible difficulty. It is part of farming as a way of life. We must learn to farm in spite of these hazards, to forget about whose fault it is and to forget about trying to find somebody to blame it on.

One of the factors that has complicated agricultural financing is the dramatic changes that have occurred in Canadian farmland values. From 1971 through to late 1981, a period of about 11 years, the value of western Canadian farmlands, the only lands that I can speak for, has increased five and sixfold. This has occurred over the three Prairie Provinces and is now well documented. From late 1981 to the end of 1982, these same farmlands not only reached their peak in value, but dropped off dramatically. It is difficult to say how much the value dropped because farmland sales have fallen off so much and there are far fewer farms now being offered for sale and less available capital for such purchases. What the value of farmland has dropped to is rather difficult to determine.

As farmland values level off to new and, in my opinion, lower levels, we will perhaps see farmland values come closer to reflecting their actual or true productivity levels. Farmland financing will be more realistic and acceptable by all concerned when this happens. Surely there are serious lessons to be learned by both borrowers and lenders, and surely these are lessons that should have been learned from the example of history. I refer especially to the era of the drought and the Depression of the 1930s.

Over the almost 11 years from 1971 to 1981 while we saw a boom, it is also fair to say that we saw too much bad business judgment by both overanxious young farmers and overzealous and overly aggressive credit sources, mostly banks but also the Farm Credit Corporation and other leading agencies.

Thank you for your indulgence, Mr. Speaker.

• (1730)

Mr. Walter McLean (Waterloo): Mr. Speaker, in this debate on Bill C-151 and the request of the Government for additional borrowing authority, the voters of Canada and the taxpayers of Kitchener-Waterloo, whom I represent, will want to be reminded that in past months the Government has already come to the House for a series of authorities. This \$14.5 billion will bring the authority to a total of \$73.3 billion,