

Agriculture

Mr. Hargrave: Mr. Speaker, I thank hon. members for their indulgence. As I was saying, this procedure that I have been talking about was allowed for oil and gas exploration and for Canadian-made movies. Why should it not apply to our cattle industry in its hour of need? I think this proposal should be looked at.

The second suggestion is patterned after a U.S. agricultural bond market which is designed to provide lower interest rates to farmers. Agriculture producer credit associations would issue bonds to raise money. Interest paid on such bonds would be several points below bank rates, but the bond investor is taxed at a much lower rate on the bond interest received. The producer credit association then lends money to farmers at 3 per cent to as much as 4 per cent below prime. Both of these long-term policy suggestions could help restore some confidence in our cattle industry, which today is almost non-existent.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I want to speak about the Farm Credit Corporation and how it helps to increase productivity in agriculture.

One of the current expressed desires of the government is to increase the levels of productivity of all sectors, and especially agriculture. With reference to the Farm Credit Corporation, its contribution to the productivity of agriculture can be itemized to show that through the FCC lending programs, the Government of Canada has made, and will continue to make, sound and wise investments in Canadian agriculture.

Canada has the resources and technology to produce food in excess of its needs. With a growing world population and the inability of many other countries to produce adequate food because of environmental conditions, social turmoil or inadequate resources, Canada can and will play an even more important role as a food exporting nation during the next few years when a worldwide food shortage crisis is being projected. However, in order to do that, Canada must maintain its present equilibrium in agriculture. Government policy has supported this equilibrium with programs such as those administered by the FCC, the Canadian Dairy Commission, the Canadian Wheat Board, the Agricultural Stabilization Board and crop insurance, all of which provide the stability within which the agricultural sector can function.

The Farm Credit Corporation has been an important component of this stabilizing force. With a total of over \$3.3 billion outstanding on over 72,500 loans at fixed terms for up to 30 years, Canadian farmers have at least some of their credit insulated from the volatile interest rates which have been seen during the last 12 months or projected for the future.

From 1975 to 1979, productivity increases averaged 3.3 per cent per year in agriculture, and this is higher than in any other goods-producing industry. Data collected by the Farm Credit Corporation indicate that FCC loans for farm consolidation or expansion, farm improvement, purchase of capital items and debt restructuring have been an important factor in increasing farm productivity. Furthermore, by helping to solve

their financing problems, the FCC has ensured that an adequate number of people have remained in the agricultural sector even when other sectors were progressing rapidly and attracting more and more people.

Assuming that financial success is a good indication of an increase in productivity, we wish to submit the following considerations. Of approximately 2,000 farmers who were refused an FCC loan in 1980-1981 because they had sufficient resources to borrow funds from private institutions, 65 per cent were previous FCC borrowers who had made an evident success of their farm operation.

An analysis of FCC data indicates that FCC loans contribute to the productivity of a farm and to the increased welfare of farmers. In 1980-1981, gross farm incomes before the loan averaged \$61,800 and after the loan they averaged \$96,500.

In assessing loan applications, the FCC requires that the applicant submit realistic plans that indicate the farm unit under his farm management will generate an income sufficient to meet all obligations as well as provide a reasonable standard of living. FCC credit advisers are very often a positive factor in improving these plans and in ensuring that the farm unit will be viable and more productive after the loan is granted.

Suggestions have been made that the FCC should have conditions similar to those of the private sector. It is my understanding that a Crown corporation is intended to provide an important service to individuals whom the private sector is unable to serve properly and continuously, and in order to do this, a Crown corporation must maintain all of its specific advantages. I submit that the FCC should continue to offer lower interest rates, because of lower administration cost and lower profits, fixed interest rates, advisory services, special collection policy, etc. It is only fair that young and beginning farmers and average operators of family farms be provided with these advantages if this government is going to continue to support the family farm as the most efficient means of agricultural production in the country.

The primary objective of Farm Credit Corporation Canada is to provide long-term farm credit and advisory services in order to develop viable farm operations so that agriculture can provide farmers with a fair return on their capital investment, labour and skills and so that agriculture can make its greatest contribution to the Canadian economy.

The Farm Credit Corporation provides much more than loans to farmers. During the recent periods of bad weather, escalating interest rates and depressed periods of bad weather, escalating interest rates and depressed prices for some commodities, the minister suggested to the FCC that it give extra consideration to farmers facing financial difficulty and to assist them where possible. This was done, and many farms were permitted to continue regular operations instead of going through the crisis of a foreclosure, and thus the average productivity of agriculture has been maintained.

The FCC directs its credit to young and beginning farmers. In 1980-1981, 70 per cent of all FCC borrowers were under 35 years of age, and this trend will continue in the present fiscal