

Agriculture

such efforts by the minister, we may never see lasting stability and fair prices for many producers.

● (1730)

When I began to speak, I noted the minister's crusade against high interest rates and their effects on short and long-term financing and operating costs of beginning farmers. Here we believe it is the responsibility of the government to use the vehicles which it has at its disposal, such as the Farm Credit Corporation, actively to intervene on behalf of farmers.

One does not have to look much further than farm bankruptcy statistics to find proof of the crisis in farm financing. In 1980, as we all know, farm bankruptcies were 78 per cent higher than the previous year; and so far, in the first quarter of 1981, farm bankruptcies have risen a further 70 per cent. Record interest rates are squeezing our farmers right out of business and yet our government sits back and does virtually nothing.

There is a line from an old Woody Guthrie song that is rather appropriate today:

The mortgage worked the steadiest and the hardest of us all;
It worked all week and Sundays, it worked each holiday;
It settled down among us and never went away.

Let me show the House how severely interest rates are affecting farmers. Here are two examples. The first case concerns a Saskatchewan farmer who bought one half section of land three years ago for \$130,000. His three-year mortgage is renegotiable this year, which will result in an increase in the interest rate of from 10 to 20 per cent. This will mean a further doubling of the interest payments on his land. This farmer also owns a further one and one half sections which are paid for. For every bushel of wheat grown on this farm, including the owned portion, the cost of interest is increasing from \$1 to \$2. The cost of interest on wheat grown on the recently bought one half section of land is \$8 per bushel. The current price of wheat at Thunder Bay for that same bushel of wheat is \$6.57. Why should he farm? He can sell out, invest about \$400,000, earn \$60,000 per year on the interest, and watch some European rent the land to a young Saskatchewan boy who could only dream about buying the farm he now works as a tenant farmer.

The second case is a young Ontario tobacco farmer who has been farming since 1973. In the last couple of years his crop has been hurt by frost and disease. He recently formed a corporation solely to qualify for a small business development bond, but by doing so, he has increased his interest costs. On April 30, 1980 they were \$26,934. On April 30, 1981 his interest had risen to \$58,163. While extending small business development bonds to unincorporated family farms would help and should be considered, high interest rates simply cannot be sustained by farmers much longer. The Farm Credit Corporation should be used positively by this government, but instead the FCC is chronically underfunded and this year it has less money than in any of the last five years.

Months ago, groups like the Canadian Federation of Agriculture asked the minister to increase FCC funding by

\$150 million. Instead he raised FCC interest rates to 14 per cent. It is hard to believe that this same minister really wants producers to refinance short-term debts through the FCC.

My colleagues and I believe that the Farm Credit Corporation can be used to challenge the banks by allowing more flexible terms for borrowing and at the same time allowing more flexibility of use for the money borrowed. In the past our recommended changes have fallen on deaf ears, but I will repeat them on the unlikely chance that they may yet provoke some action.

First of all, the minister should agree to the Canadian Federation of Agriculture's suggestion and increase the FCC's available capital by at least \$150 million.

Second, the Farm Credit Corporation should be allowed to borrow money on the Canadian market using government guaranteed long-term bonds.

Third, an annuity program for retiring farmers should be established to allow some relief from capital gains in exchange for long-term investment commitments with the Farm Credit Corporation.

Fourth, an income-averaging trust account should be established through the Farm Credit Corporation, as has been requested by the Canadian Cattlemen's Association, to allow farmers to average incomes and to provide the Farm Credit Corporation with more capital funds.

These are just some suggestions we have made regarding the Farm Credit Corporation and, of course, we could go into others, but I do want to mention one other change in particular; that is, removing discrimination on the basis of age as contained in the present Farm Credit Corporation regulations. The Human Rights Commission has found that restricting the Farm Credit Corporation assistance to farmers under 35 is a violation of human rights. I have attempted to have drafted a private member's bill that would right that wrong in the legislation; but House rules prevent me from introducing such a bill, as it has some financial implications. So I ask this government, one that seems fervently to believe in a charter of rights, to take immediate action to end that blatant discrimination.

Before I close, let me offer the government some thoughts on its ill-fated drought relief and herd maintenance programs. In my short tenure as a member of Parliament, I have not seen any other program that has so confused, frustrated, and angered my constituents. The rigid and inflexible criteria that were established in order to qualify for relief have kept deserving farmers from receiving aid, and at the same time have left them questioning the sincerity of the government's motives. Some are still awaiting aid, hoping these appeals will be successful, while others have been told that cheques they have received will have to be returned. What this confusing mess underlines is the urgent need for the federal government to negotiate cost-shared agreements with the provinces in advance, and that these agreements should form the basis of ongoing emergency aid to farmers. Instead of the present ad