details of the farm debt crisis in the fall of 1984 the situation has deteriorated dramatically because of reduced commodity prices. Today, if we look at the latest FCC figures, we see that 8 per cent of our farmers with gross sales of more than $20,000 are insolvent. That amounts to some 13,000 farmers. There is another 23 per cent, or 39,000 farmers, who have serious cash flow problems. This gives us a combined figure of 52,000, or almost 30 per cent of our farmers who are facing a moderate to serious stress level in terms of their financial situation. Those figures are especially typical of Alberta and Saskatchewan because of the very low commodity prices.

It is interesting to look at the mortgage rates and loans of the FCC, since it carries about 40 per cent of the farm long-term debt. This year its arrears have increased by 38 per cent over last year's. Last year there were arrears of $253 million compared to $355 million for this year. This means that some 16,000 of the 75,000 accounts which the corporation has are in arrears, which points to serious financial difficulties being faced by the agriculture industry today.

Worse than the fact that some 16,000 are in arrears is that some 6,150 have been in arrears for more than two years. It is the experience of the Farm Credit Corporation that when accounts are in arrears for more than two years this points to extreme difficulty and the likelihood of not ever being able to meet mortgage payments. Fully 7.7 per cent of FCC portfolio loans are now in arrears. That is more than twice as high as the most difficult time in history, which was in 1969 or 1970, when only about 3 per cent of loans were in arrears.

The other factor I find extremely disturbing is that during the past two years we have seen the farm asset value, the land value, drop by 15 per cent. This amounts to over $17 billion which has been lost in farm asset values. For a person who owns 100 per cent of the farm and who will continue to farm over a long period of time this may not be a devastating factor. However, when we are dealing with young farmers who are highly leveraged in terms of that farm asset value it means that their equity drops, as does their ability to maintain the farm.

So far the Government's main instrument for helping young farmers who are facing financial difficulty is the commodity-based mortgage. There are funds in place to be used over a two-year period to provide about 2,500 mortgages with reduced rates per year, or about $20 million. When we look to the amount of the arrears and at the 5,200 accounts of farmers who are having cash flow problems, it does not seem like a very large number of loans are available for those in serious financial difficulty. If we really want to preserve the family farm, and if we want to keep young people on the farm, then we have to make a renewed commitment to these young farmers.

A couple of years ago there was an all-Party committee which looked at the idea of providing assistance to young farmers facing serious financial difficulties. We made a report to the House which contained a five-year program. We called it an agri-bond program which would reduce the interest rate by 4 per cent. In today's world it would be down around 5 per cent or 6 per cent. We said that as a result of our study there were at least 12,000 farmers who could be helped by a low interest mortgage such as that. The problem with the commodity-based mortgage is that as the commodity goes up in value, and we hope it will over the course of a 10-year or 15-year mortgage, farmers have to pay 2 per cent more than the going rate to the FCC. A great many farmers shy away from it because of that.

When the all-Party committee met to make its report a couple of years ago it recommended a program that would provide interest rates at about 4 per cent lower for farmers who are capable of staying on the farm and surviving. The value of that would have been extended to 12,000 farmers. The cost would have been some $96 million. However, when we considered the magnitude of the problem facing the country it certainly seemed like a reasonable investment in the future of agriculture in Canada.

If we look at the report of the Farm Debt Review Board we see that in January some 2,627 farmers made application for help. Some 590 of those are facing financial difficulty, while 785 are insolvent. So far panels have dealt with about 349 of those cases, and agreements have been made in about half of them. A great many of them have not been signed. So the whole farm debt review program, which the standing committee hopes to review in the next few weeks, is going to be overburdened as we move through this year in this cycle of extremely low commodity prices.

Those are some of the concerns that we face as we consider this resolution today. I point out that Alberta and Saskatchewan are the provinces with the most serious areas. In Saskatchewan, 11.4 per cent of farmers with gross sales of over $20,000 are in an insolvent position. Some 28.3 per cent are having serious cash flow problems. In Alberta, 9.9 per cent are in an insolvent position, while 22.2 per cent are in a serious cash flow position, according to recent reports of the FCC.

We really have a financial disaster on our hands, something which is unprecedented since the 1930s. This is because the prices of grain are lower in actual dollars, in constant dollars, than they were then. I think that there is a good appreciation in the country for dealing with this problem. I urge the House to do this. It is a national problem which requires national action and the support of every Member of this House. The whole future of the agricultural community, of farms and young people depends on action by us in the House of Commons. I hope that we will move ahead to face this challenge and overcome the problem.

• (1620)

The Acting Speaker (Mrs. Champagne): Questions or comments.

Mr. Clark (Brandon—Souris): Madam Speaker, without in any way underestimating the significance of the financial crisis in Canadian agriculture, and I think all of us in this House