

Farm Loans Interest Rebate Act

are given so little discretion, responsibility and accountability that they are incredibly unhappy. Then the morale of the service goes down, down and down. Years ago we would give persons jobs, hold them accountable, and they were happy to take on responsibilities. Why is it that the more educated we are, the more government we need? I am sure the Government will not answer that one, but I would like to hear its Members talk about it.

I will vote for this bill, but I want farmers across the country to understand clearly that, in my judgment, it is not adequate. It is using a band-aid for a huge cut; it is the wrong perspective. We need to look at other policies rather than subsidies to farmers. Our farmers can compete against any farmer in any country in the entire world. They have been operating at the world cutting edge for years. They are used to it, they can handle it. When we start putting subsidies on them, it means that there will be a degree of inefficiency equal to the subsidy. As manufacturers have now learned, when a government gives a tariff protection or a subsidy of 15 per cent it becomes an inefficiency factor of exactly the same equivalent. Meanwhile producers of other countries which do not offer subsidies will be able to undercut us and whip us in the marketplace. Subsidies should not be considered other than in the very shortest of terms and only in order to permit an industry or a sector to adjust to the world market. Because we are a trading nation our starting point should always be: What is our international competition doing? Let us meet that so our producers can adjust.

Mr. Girve Fretz (Erie): Mr. Speaker, I speak today as a representative of an agricultural constituency in order to discuss some of the ramifications of Bill C-134. Over the last few years there have been many changes in the farming community and in the technology of agriculture in Canada. As a result the needs of the agricultural industry have changed from what they were in the past. The main difference, as in many other industries but especially agriculture, is that a great deal of capital is required.

Approximately 100 years ago our ancestors were jumping on the railway to head out to the untouched lands of Saskatchewan and Manitoba where, perhaps without a dime to their names, they could forge a life for themselves from the land. For the young people on the farms today there is plenty of ambition, but unfortunately that alone is not enough. Today one must have in the order of at least \$200,000 or \$300,000, whether this capital is borrowed or inherited, just to begin a career in agriculture.

The critics on the sidelines can very easily say that the farmer can rent his property just as the businessman in the city rents his store and perhaps gets along very well without owning the building. However, it is evident to anyone who has lived any length of time in an agricultural community that there is pride when land is owned. When there is pride of ownership, the buildings are maintained and the land is not allowed to lose its fertility or be covered with weeds. The point I am trying to make is that in order for a farmer to obtain ownership of land,

he must have access to large sums of money and at reasonable interest rates. This is not the case today.

The interest rates available for the young farmer starting out today are such that any profits which he obtains through hard work and sacrifice are eaten up in interest payments to some bank head office in a skyscraper on Bay Street. However good the intention of the Bill is, it is simply inadequate for reasons which I will outline presently. Bill C-134 is definitely a step in the right direction, but it is certainly not a giant leap for mankind. Unfortunately, the amount of money which has been set aside for this Bill is insufficient. At first, this was a \$216 million program. Now we are told that \$116 million of this amount is coming from the Farm Credit Corporation itself. This would be fine if all of this money came from outside lending institutions. However, that \$116 million is coming directly from the Farm Credit Corporation itself. This sounds like a classic case of robbing Peter to pay Paul, or perhaps robbing Marc to pay Gene. The Farm Credit Corporation is an established body which is designed to finance the agricultural industry. When \$116 million is taken out of this fund, obviously it leaves less in there to fulfill the job which it was intended to do. There we have the first flaw in Bill C-134.

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There is not enough money in the fund, and it is coming from the wrong source. Therefore, my colleagues and I encourage this Government to put at least another \$300 million into the Farm Credit Corporation budget to take care of this new interest rebate program.

My statistics tell me that 20,000 Canadian farmers desperately need the assistance of this program. Do you know how many people are going to be assisted by this program, Mr. Speaker? With the funding currently available, it would appear that approximately 500 farmers will be assisted by this program. Now, to me, that is a little less than the proverbial drop in the bucket.

I would like to address another problem which is affecting the farming community, which, if solved, would certainly result in fewer farmers requiring the assistance provided by such programs as set out in this Bill. The problem lies in the fact that every time one generation turns the land over to the next generation, a considerable amount of capital gain is involved. Once again, if a young farmer wishes to buy the land from his father or his neighbour, the cost of the capital gain will certainly be included in the price of the land to the purchaser. Obviously, this elevates prices unnecessarily, and following the domino effect, as the land moves from generation to generation, all the accumulated costs are passed on to the younger farmers who can afford it the very least. I feel that this kind of taxation is unwarranted and creates hardship among the workers in Canada's most important industry.

The current need for help with interest rates, then, is only the tip of the iceberg. Bill C-134 is rather like a bandage which covers the wound but does not heal the disorder. Just as you do not need bandages when you are not bleeding, we would not need Bill C-134 if overtaxation did not bleed the farming