

In providing a total credit service to borrowers, the Canadian Federation of Agriculture stated that:

... the FCC needs to have some ability to deal with short and intermediate-term credit, so that when they are lending long-term credit to a customer they can ensure that he has a workable credit package and that his operation will be viable. (Mr. Don Knoerr, Canadian Federation of Agriculture, Issue 18:9, December 15, 1987.)

This view was reiterated by the Ontario Federation of Agriculture in its appearance before the Committee:

[t]he FCC should supply short-term money for operating in cases where commercial lenders will not. An accommodation for settlement is futile without a complete financial package for restructuring. We run into situations constantly where something can be done to refinance the farmer, when it looks as if the situation will pan out with some concessions, but they are in no-man's land in terms of where to go to get operating credit or short-term money. Of course, one without the other is useless. (Mrs. Brigid Pyke, Ontario Federation of Agriculture, Issue 17:36, December 14, 1987.)

Management services are also increasingly recognized as an integral part of profitable farming operations. In many cases reviewed by Farm Debt Review Boards, weak management has been identified as contributing to farmers' difficulties.

The FCC might also be viewed as providing leadership to other lenders. In particular, the Canadian Federation of Agriculture feels that the FCC

... has to play a leadership role in ensuring that the right type of credit instruments are out there. I think it should and must ... set a standard of performance. (Mr. Don Knoerr, Canadian Federation of Agriculture, Issue 18:8-9, December 15, 1987.)

It must be recognized that the FCC's current position reflects both its mandate and the current crisis in the agricultural industry. Although losses have been experienced by most, if not all, agricultural lenders, the FCC has suffered more extreme losses because it serves higher-risk clients who are unable to obtain adequate financing from conventional lending sources.

In an attempt to alleviate the financial stress being experienced by the FCC, the federal government announced several initiatives in December 1987. A loan payment of \$103 million due to be paid to the Consolidated Revenue Fund in January 1988 was deferred