

*Farm Credit Act*

[Translation]

**Mr. Rondeau:** Mr. Chairman, I wish to say a few words on Bill No. C-110 which is somewhat of the same nature as the one passed this afternoon concerning farm improvement loans. Tonight we are considering Bill No. C-110 concerning farm machinery loans.

I would have liked the minister to tell us where matters stand in the investigation mentioned in the revised estimates for 1969, page 385, under expenses of the royal commission on farm machinery. Before introducing his new bill, it would have been normal, it seems to me, for this royal commission which has already cost \$508,100 in 1967-68 and for which an expenditure of about \$382,000 will have to be authorized for 1968-69, for a total amount of approximately \$900,000 in two years to investigate on the cost of farm machinery in Canada, to have served some useful purpose.

Nearly one million has been spent up to now and as yet we have no indication or report concerning that inquiry.

Before introducing this bill, I think that the minister could have told us this royal commission will have completed its job within one or two months and, in the light of that inquiry, we might be able to better study the bill which is before us today.

I should like tonight to join the Minister of Agriculture (Mr. Olson) when he said, not so long ago, on April 26, 1966 when he sat on this side of the house and stated clearly his thinking about the implication of the legislation which was introduced that day, regarding the prices of farm machinery and the farm situation in Canada.

As shown on page 4324, of the *Debates of the House of Commons*, April 26, 1966 the hon. member for Medicine Hat, now Minister of Agriculture said, and I quote:

The minister said that the government anticipates this expansion of money available to the Farm Credit Corporation will be sufficient for two and a half years. I suggest to him that if the price of land and farm machinery continues to rise as rapidly during the next two and a half years as it rise in the last two and a half years the extension will not provide the capital required by farmers in the next two and a half years.

I think that perhaps one of the real problems—and paradoxes in the extension of farm credit under the Farm Credit Corporation is that every time parliament increases the amount of money available to individual farmers you find there is an almost concurrent or immediately following increase in the price of land.

I have come to believe that one of the reasons for the increase in the price of land is that very recently the maximum amount available from the Farm Credit Corporation to an individual applicant was increased. I suggest, Mr. Chairman, that we are partially defeating the purpose of the act in increasing the maximum amount available.

[Mr. Olson.]

Thus, at that time, the maximum was wrong, and today it is all right.

One of the problems that follows these increases and the high prices paid for land and machinery is, of course, that the capital cost, interest charges and other things that a farmer must bear increase substantially.

One of the greatest problems... is that we need to be even more concerned about finding ways and means of seeing that farmers have an opportunity to repay these loans.

And he was right.

One of the greatest problems... is that we need to be even more concerned about finding ways and means of seeing that farmers have an opportunity to repay these loans.

It was a problem then and it still is today. I continue:

I know that an increasing number of well-established farmers are today getting into financial difficulty and have been for the last two or three years because of the so-called cost-price squeeze.

• (8:30 p.m.)

The problem the minister discussed at that time, as reported on page 4324, the "cost-price squeeze", is still with us today.

I doubt that increasing the interest on loans for the purchase of farm machinery—as we did this afternoon for farm loans—which he denounced at that time, will remedy the situation that he then wanted to change.

The situation is perhaps not so difficult for well established farmers—

—again he is the one who says so—

—who have accumulated the necessary capital, but it is extremely difficult for a young farmer to obtain this amount of capital. If the young farmer does not obtain the capital he is unable to obtain the productivity necessary to provide a reasonable standard of living; his net income is not sufficient.

He concluded with his two main points:

—I should like to impress upon the minister that we in this part of the house are very concerned about the deteriorating net income of farmers across the country, because from this net income they will have to repay these loans in the future.

I wonder whether the minister is as concerned on the other side of the house as he was on April 26, 1966. He added:

Finally, I want to say that there has been—

And this is where we come to the same point where we are today, some two and a half years after later,

Finally, I want to say that there has been an alarming increase in the price of farm machinery.

It was a problem two and a half years ago. In the meantime, a royal commission has been set up, and it has cost nearly a million