

*Government Orders*

The second question is along the same line. There is considerable money which should be available to farmers in any farming community. This money comes from retired farmers and in particular from within that community. Unfortunately what is happening now is retired farmers are concerned enough about the economy and the future of agriculture that they are investing the money mostly outside of the country now. This is as a direct result of the lack of resolve on the part of finance ministers for the past 10 to 20 years to eliminate the deficit and reinstate in Canada an air of confidence in the economy.

My question to you is do you believe it might be a wiser move to get rid of Farm Credit and use that as part of the budget balancing funds and indeed make that money available through private investors by creating this more positive atmosphere?

**The Deputy Speaker:** I take it the member for Vegreville wants the Chair to answer the question. I am making the point. Please, members, when they say you please refer to the Chair and the third person as an hon. member.

**Mr. Shepherd:** Thank you very much for the question. I think the thrust of that question is whether there is still a need for a Farm Credit Corporation in this country. I am going to say yes, very much, in the affirmative. On some of the things that you are talking about concerning confidence in our economy, we are doing those things in a positive way as well.

The problem with financing in agriculture is the thing that I talked about which is the necessity for long term capital. Generally speaking, our capital markets have not addressed that, even in the residential mortgage business today. I can remember when everybody had a five year mortgage. Today it is down to two years or three years and people are playing around with that. That is another problem with residential mortgages.

• (1730)

The United States has 30-year mortgages. Canada cannot come up with anything better than a five-year mortgage. It seems to be a dilemma of our capital markets. They are not large enough and strong enough to be able to address that concern.

We have a parallel situation in industry with the industrial development bank. In spite of what we might say—they have had a lot of management as all other banks have had—generally speaking the industrial development bank has been successful at addressing the issue of the need for long term capital. If private industry would come along and take that over we would all be very happy about it. The reality is that they are not prepared to take the risk.

In answer to the member's specific question, we still need something like the Farm Credit Corporation. Perhaps we should open up its doors. The hon. member talked about farmers who are investing overseas. In my area we would not have such a luxury. Perhaps too many subsidies are being directed to the member's area so these people have that kind of luxury.

They might invest in something like a farm credit corporation. That is a possibility. Perhaps we can cross the line and partially privatize it. Everybody wants to address the concerns of farmers for long term capital.

[*Translation*]

**Mr. Jean Landry (Lotbinière, B.Q.):** Mr. Speaker, my speech will deal with Bill C-49, an Act to amend the Department of Agriculture Act.

The Department of Agriculture being renamed the Department of Agriculture and Agri-Food is something that we can understand. It goes without saying that the economic future of the agricultural sector depends not only on government assistance but also on the development of processing, marketing and distribution. I have questions on the last point, distribution, and on overlap. Agri-food processors often talk about the difficulties they encounter in distributing their products.

How can we develop the agri-food sector successfully without tackling the deficiencies of the distribution sector?

Let us take the example of fine cheeses, which are difficult to distribute. This small market could be profitable but transportation and market placement costs are exorbitant. Intercompany consultation could be a solution. The current distribution monopoly hurts processors. We could look at the example of the Quebec consultation forum on exportation, where businesses worked together to transport food products to new markets. The government has a responsibility to provide more information on these markets. There is room for improvement on its part in this area.

Such co-operation must be encouraged among wholesalers, who have a hard time competing with their American counterparts enjoying special access through U.S. subsidiaries established in some Canadian markets. These subsidiaries already have their own suppliers of cheaper U.S. products. That is why it is important for our wholesalers to work together to fight these American companies with a significant advantage.

Producers do not enjoy a power relationship with the distribution sector so they must co-operate on transportation to become more competitive. Joint price setting by producers, processors and, of course, the government must not be done at the expense of producers.