

Farm Loans Interest Rebate Act

which many of them find themselves. But I do not know how much longer we as Parliamentarians and legislators can expect the majority of farmers to continue to encourage their sons and daughters to go into farming if this is the kind of mess that we are leaving to them as a legacy. Something has to be done, not to guarantee them wealth and riches, not to talk constantly about handouts and aid, but something has to be done, and very soon, to put farming on a much more secure financial footing so that at least young farmers going onstream, while they will not be guaranteed great wealth, will be assured of a reasonable income for their investment and hard work and that some time half way through their lives they are not going to lose everything they have worked for. Hundreds of farmers in the last two years have lost everything they worked for, and unless this Bill is expanded, even though my Party is going to support it, I fear that several hundred more are going to be forced into bankruptcy and several thousand are going to be forced to sell.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I, too, would like to join the other Members of the House in congratulating the Hon. Member for Leeds-Grenville (Mrs. Cossitt), who, a short time ago, delivered her maiden speech in this House. I am sure that she will be a credit not only to her constituents but an asset to this House of Commons.

I listened to the Minister of Agriculture (Mr. Whelan) last Thursday, Mr. Speaker, when he opened debate on this Bill.

• (1830)

At Page 20400 of *Hansard* the Minister said:

Madam Speaker, Bill C-134 is an Act respecting rebate of interest on farm loans made under the Farm Credit Act and is a piece of legislation which is extremely important to the farm community and to all Canadians.

A little later, as reported on the same page, he said:

This measure will help to assure the survival of many Canadian farmers who are presently facing serious financial difficulties.

Like the Hon. Member for Brant (Mr. Blackburn) who spoke before me, I, too, read the report in the November 4, 1982, issue of the *Globe and Mail*. The effect was rather shocking, Mr. Speaker, and I should like to put a portion of that report on the record. It refers to a conference called by the United Grain Growers in Banff. The conclusion the conference reached was this:

Only good yields and high deliveries of grain will prevent an even steeper drop in income—

The article went on to say:

Farmers' incomes will drop 36 per cent in Saskatchewan and 34 per cent in Manitoba. In Alberta, improved livestock prices will cushion the blow and income will drop 15 per cent.

In the country as a whole, they are predicting that there will be a drop in farm income of 28 per cent over 1981.

Farmers in Canada are facing more than serious financial difficulties, Mr. Speaker; many are facing bankruptcy. The bankruptcy rate in the farming population is up by some 65 per cent. If the trend continues, the result will be a tragic one for the whole farming community. Grain and livestock prices have fallen. If one examines the statistics, one finds that the

total farm debt is between \$18 billion and \$20 billion. The interest that farmers pay on that debt is in the neighbourhood of \$3 billion. We should put that \$3 billion in perspective, Mr. Speaker.

If we go back to the estimates we will see that in 1968-69, the total budget for the whole of the Dominion of Canada—that is, the money it took to operate the Government of Canada—was \$10.8 billion. This year, the farmers of Canada will spend almost one-third of that amount on interest payments to service their debt.

To put that in even better perspective, if we examine the records of Canada, we will find that the cost of servicing the country's debt in 1968 was \$1.5 billion. That was for the entire debt of Canada in 1968. Today, farmers pay double that amount to service their debt. That is a catastrophe created by the Liberal Government opposite, Mr. Speaker.

The Minister of Agriculture—who, incidentally, is not in the House, Mr. Speaker—will undoubtedly recall that he was in Moose Jaw earlier this year to attend a meeting called by a group of livestock producers who found themselves in terrible financial difficulty. The market was low and interest rates high, and they were facing bankruptcy. The Minister arrived late, but I was there for eight hours. I listened to the livestock producers and to many grain producers who spoke at that meeting. They pointed out the disastrous effects the high interest rates were having on their industry. I am sure that farmers in other parts of the country have told the Minister the same thing.

In response, the Minister introduced this Bill, which the Canadian Federation of Agriculture says will only help 500 farmers. There are 320,000 farmers in Canada but this Bill will only help 500 of them. Yet the Minister of Agriculture pats himself on the back for that.

The Minister has allowed the Farm Credit Corporation to go to the American market to borrow \$100 million in bonds. It is interesting to read the analysis of this borrowing which was given by the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) when he spoke in the House on November 4. He used 12 per cent as a basic rate on this \$100 million borrowed on the American market. This appears to be a fair rate. He pointed out that the Canadian dollar stands at 82.5 cents compared to the U.S. dollar, which would add another 2 per cent to the interest rate. Of course, because of the fluctuation in the foreign exchange market, the Farm Credit Corporation will have to hedge against changes in the currency market. He estimated this at another 2 per cent. Another 1 per cent must be added for the administrative charges incurred by the Farm Credit Corporation in making the loans. I do not complain about that 1 per cent, because I think the Farm Credit Corporation is to be commended for keeping the cost of servicing loans to the farmers down to 1 per cent.

When we add the 12 per cent, the 2 per cent because of the Canadian dollar being at 82.5 cents, the 2 per cent for hedging and the 1 per cent for administration, then the Farm Credit Corporation will have to charge an effective interest rate of 17