

Farm Improvement Loans Act

for the farmers of Prince Edward Island, New Brunswick, Quebec and Ontario.

• (1500)

The Minister of Agriculture could make his department the great champion of all the people of the country, if he made it very clear to his colleagues that he is a little bit tired of agriculture being pushed aside in this Parliament as it has been for the last ten or 12 years. He should bring it back up where it should be—the leading productive department of this whole country. Then we will give those guys in the mining business and the forestry business a run for their money. We will take it over for them. That is the attitude which should be there. I have declared my willingness, and I suspect most of the members of this House will support the minister on that.

I would be glad to support this bill. I would hope the minister would take up the idea I have proposed. He should see if he can include a regulation like that as an alternative in this act. I know it happened once before in the Farm Credit Act. No one uses it very much, but at least the alternative is given. If the minister did that and had it well publicized among the banks and the farmers, there might be a few who would prefer going that way.

Some hon. Members: Hear, hear!

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, we are discussing today the amendments to the Farm Improvement Loans Act, Bill C-27, an act that has been around every three years since 1945. We are seeking to extend the act for another three years and to increase the loan limit to \$100,000 per user from the current limit of \$75,000.

The minister has adequately outlined the background to the act, but I should like to spend a minute or two going back to some of the things the Farm Improvement Loans Act does and perhaps try to answer why we have it. As Mr. Speaker knows, it is an act whereby the farmers are able to borrow money from the banks and the credit unions and such loans are guaranteed by the government. Originally the loans were at a lower rate than the usual lending rate was for the banks or credit unions. When it was introduced in 1945, the idea behind it was to assist farmers to retool their operations after the Second World War. Also it was designed to assist the manufacturers in this country and in North America to supply a market for the new machines which they could turn their attention toward manufacturing because the war was finally over. Also it provided guarantees for the lending institutions, primarily the banks, and eventually the credit unions were able to get in on the program as well.

If there are occasional losses because of the loan guarantees part of the program, I think it has been made up for many, many times by the fact that it has created employment for people in the manufacturing industry, the sales industry, the agricultural machinery industry, and to some extent has assisted in increasing the productivity of Canadian farms.

The loans have not always been universally available. At times it is virtually impossible for farmers to get a farm

improvement loan because the amount is limited each year. At least that is the story we are told at the banks. For that reason and a couple of others which I will come to, I think probably it is still necessary to continue on in this country having provincial lending institutions aimed at providing service to different types of farms.

The broad economic tools of the Farm Improvement Loans Act can be used to help farmers, manufacturers and banks, but these economic implements are basically effective as they apply to mature farms—farms that have been in business for a while, or farms on which a lot of money is not owed. Generally they are established operations that have been around for some time. Generally they have enjoyed reasonably good crops and reasonably stable production periods just before the point in time at which we measure them. For the beginning farmer or for those farmers who get caught in bad weather or with bad markets, occasionally we need other lending methods or lending institutions. Because it is not easy to make rapid changes in federal laws in federal lending institutions. I maintain the provinces have, of necessity, stepped into this field.

I am fairly responsive to the need of the provinces being in the field because of my own experience in trying to become a farmer 25 or so years ago. I had been attempting to build up some assets so that I could officially become a farmer. I had been farming with my father for three or four years, renting land, renting equipment and, in short, trying to learn the business and build up some equity. Some land became available and I went to the Farm Credit Corporation, knowing that I required the minimum of 25 per cent of my own assets free and clear before I could borrow another 75 per cent to buy the farm. After much bookwork, analysis and trading back and forth between the lending institution and myself, finally it was established that the amount of assets I had managed to scrape together only came to 23 per cent of what was required to set up the proposed farm. It was one of those situations where I could not buy less; farms come in certain discrete sizes. So, for the lack of 2 per cent of equity, the Farm Credit Corporation turned me down.

Fortunately for me—or probably I would not be here speaking to the House as a farmer—there was a provincial program in the province of Saskatchewan which demanded that a young farmer only needed 20 per cent equity in the farm he was trying to establish. So, I had 2 per cent or 3 per cent extra and I was able to borrow the money. At that time it cost me a little more for interest. Instead of 5 per cent, I had to pay 6.5 per cent. But I was able to get it established and was able to get a loan.

It is to cover those kinds of situations that programs have been established in provinces like Saskatchewan, programs which are aimed specifically at helping the beginning farmer who has not had an opportunity to put together a lot of assets, the farmer who needs the kind of assistance that the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was talking about. I am referring to the kind of loan which does not have a lot of top loading, which in fact amounts to a subsidy for the first few years of the life of the loan. Essential-