

AFTER RECESS

The House resumed at 8 p.m.

[English]

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock, the hon. member for Wetaskiwin (Mr. Schellenberger) had the floor.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, in rising to speak on Bill C-88, I would like to make a few remarks regarding farm credit and some of the problems that I see with capital and credit requirements of farmers today.

During the Christmas recess I had an opportunity, as did most hon. members, to speak with people in our constituencies about the problems that they would like us to deal with in this session. I must say that there is a very pessimistic attitude among farmers in central Alberta. The balance sheet will simply not balance as they sit down to make their calculations for the 1982 crop year. This is particularly true for those involved in the cereal grain, oilseed and red meat industries.

Today, many farmers are borrowing against their assets, their land and machinery, to keep the farm going. They are taking a line of credit, a working capital loan, in order to put the crop in. With these very high interest rates, the amount of money they take in at the end of the year is simply not sufficient to meet the interest and principal payments they have to make. For many farmers today, if they have one crop failure they are bankrupt.

This was not the case when my father was farming. I can recall being on my family farm in 1955 and 1956 when we were hailed out. We did not even have crop insurance at that time. In 1957 we had a crop and then in 1958 we were hailed out again. But the farm did not go under. In those days farmers had sufficient capital on hand, built up in the bank, to meet a crop failure. Of course, there were not the high interest rates and input costs. We did not have to fertilize our crops or spray herbicides. If we did, it was only for spot requirements.

As a result of the advice given to the agriculture industry and the almost mandatory requirement today of enlarging your farm in order to stay in business, the interest rates and huge input costs which must be spent to put in a crop, if there is one crop failure, all that investment and work is for nothing because the farmer cannot obtain another line of credit for working capital for his next crop year to meet the problems of nature which may result in crop failure.

As I travelled through my constituency during the Christmas recess I noticed that the farmers who face serious difficulty fell into two categories. One is the farmer who has recently taken over the family farm or who has started a farming operation and has faced these extraordinarily high interest rates in the last couple of years. The second group—which was surprising to me although maybe it should not have been—was the farmers with very large farming operations. They have very large working capital loans and are now finding the interest rates of 20 per cent are causing them great difficulty if the yields are not what they should be or if they have trouble

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marketing their crop. These are the two groups of farmers having the most difficulty balancing their budgets today.

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Some years ago the advice from the Department of Agriculture and our agriculture representatives to many farmers—and there were many more then than there are today—was that they should get larger operations. This was the coming thing. This was the way to continue in the agri-business, farming. They did that, many because they had no choice. They could not manage any more on 100 acres, 200 acres or 300 acres. In order to continue, they had to have larger operations. They became more efficient, obtained larger equipment and produced more volume.

When that was becoming a problem, the advice then was that they would have to become even more efficient and that the way to become even more efficient was to obtain larger equipment and to make more use of farm research. Researchers in our agriculture stations have great talent and are providing farmers with some excellent opportunities to become more efficient, but we can reach limits in that respect. Farmers were told to use more herbicides and more fertilizers and to use their tractors less. Such things as zero tilling have come into application. This was the way farmers could stay in business. That worked and is still working for some farmers, but with the economic situation as it is now the government has put out a paper to the agricultural community entitled "How to Survive Hard Times". Many farmers would say they have experienced hard times many times in their years of farming, but now there is a paper out on the prairies called "How to Survive Hard Times". I wish I had brought it with me. It contains about seven or eight recommendations which are really something to read. As I remember it, one was to sell some unproductive land. Another was to raise hogs in unused buildings. Another was to work at part-time jobs. The paper went on and on listing these types of things.

Mr. Neil: Get rid of the Liberal government.

Mr. Schellenberger: Yes. As my colleague says, one recommendation might be to get rid of the Liberal government. That might have helped farmers through hard times. Many farmers in my constituency have been forced to get part-time jobs to keep their farms operating. Then the tax man comes along and says they can write off only \$2,500 of capital they accrue in off-farm income. They can then write off half of the next \$5,000, and that is it. The benefit realized from working hard on an off-farm job to use the capital obtained to keep a farm operating ends at \$5,000, and that is simply not enough for many facing high interest costs.

As I see it, at the present time we are facing two very desperate problems which must be dealt with immediately. One problem is high interest rates, and the other—and we have been facing it for some time and perhaps not using our intelligence enough or using the ideas which are coming forward—is how to deal with inadequate prices and markets for the produce we are producing most efficiently. The farm