loans almost doubled and their amount increased by over $200 million. In the 1974-75 fiscal year, the FCC altered its lending policy so that loans would depend upon the availability of funds. In 1975-76, the FCC could not meet the demand for loans. Van Kooten states that "[t]he federal government belt-tightening prevented the FCC from increasing its capital, and consequently its borrowing power, to accommodate the additional demand" (p. 20). A more restrictive lending policy was introduced in 1975 but greater emphasis was given to extending credit to younger farmers. By 1977-78, the FCC again could not meet the demand for loans and continued to be unable to do so through to 1981, despite high interest rate levels. The interest rebate programs established by the government of the day certainly helped to keep new loan levels high. In 1982 the *Farm Credit Act* was amended to permit, amongst other things, the FCC to borrow on the private capital and money markets.

As mentioned above, private lending institutions entered the long-term market in a significant way only after 1977 when chartered banks, because of amendments to the *Bank Act*, were permitted to make mortgage loans to agriculture. The period from the late 1970s to the early 1980s saw a major surge in loans sought from the Farm Credit Corporation and also from private lenders, in part because the FCC could not meet the demand. According to Van Kooten, "(i)n 1976,..., credit unions provided $84.9 million in mortgage loans to farmers; in 1979, this figure was $280 million. ... in 1977, (the banks) provided farmers with $16 million in long-term loans; in 1979, $575 million of long-term credit was extended ... while, in 1982, they extended $813 million..." (p. 24-25). A total of $840 million was extended by the banks to agriculture in 1984. The chartered banks are the major lenders in terms of all agricultural loans although the federal FCC is the major lender of long-term credit. In 1970 the chartered banks held 27.5% of the total farm credit market and the FCC had 26.4%. In 1986, the chartered banks held 38.6% and the FCC had 20.3%, as portrayed in Figure 1. This illustrates the increased importance of chartered banks as agricultural lenders. In relation to the developments in agricultural lending, Van Kooten states that:

> Although entry of the banks and credit unions into long term agricultural lending was looked upon as good policy, it led to two problems. Firstly, the government required the FCC to service the riskier borrower while, at the same time, keeping interest rates low and remaining viable (i.e., avoiding losses). However, because financially sound operators borrowed from the private lenders, the FCC had greater difficulty remaining viable, and recently it has experienced losses. Secondly, entry of the private institutions made funds more readily available to high-equity farmers for the purchase of additional land and this may have contributed to demand pressures on land. (pp. 25-26)