

### Supply

By not dealing with the crisis in the farm community we are breaking up the structure which has existed in farm communities for so long, the custom of helpfulness and assistance to neighbours. Instead, stress is driving people off the farm and unacceptable conditions are prevalent.

This motion deals with four items. I will spend only a short time on those items because I think it is important to look at the global situation. Deficiency payments which we have been discussing have a tendency to encourage farmers to over-produce. If you are paid a deficiency payment per bushel, the more bushels you produce the more subsidy you will receive. That happened to a great extent in the United States. Even when they used subsidies to reduce the amount of production, they found that farmers used the subsidy to increase fertilizer application and, consequently, increase production on less acreage. It does not work quite the way the Minister wants. I must agree with him that there is a danger in making an announcement. However, the danger lies in making the announcement in a certain way. There is a need to assure the farming community that the Government will find the necessary funds to ensure that incomes do not drop below what they were last year. Even farmers who did not have debts last year and paid no interest have found this year that they could hardly make ends meet. Another 20 per cent reduction in the price of grain will affect those farmers as well.

• (1710)

All of us, regardless of our Party and regardless of who is in Government, have a responsibility to devise a solution that will effectively deal with the crisis in the farm community. We should include provincial Governments and farm organizations in that solution because they are the most concerned and probably have the best insight into what needs to be done.

There is one area of the farm community that seems to be surviving. It is those who have been on supply management structures, such as dairy producers, egg producers and turkey producers, that were developed primarily by farmers themselves, but under permissive legislation that Governments have passed over the years. Those kinds of marketing structures have been operating rather well.

The Government's proposal for free trade concerns many farm groups, but those areas which have supply management are particularly concerned because if the philosophy of the free market system is adopted, there will be the free movement of food across the border. While we can protect supply management as much as we want in this country, if the products of the dairy industry are allowed to enter the country, the need for dairy products in this country will be reduced and the industry will collapse. One need only look at the statistics from the United States for this week to see that the Americans produce enough surplus in their dairy industry to supply Canada without any increase in production. Furthermore, they are looking for a market for those products.

Free trade at its extreme means that one should not produce anything in Canada that can be produced cheaper elsewhere.

If we reached that extreme, very few of our basic industries would do much more than supply the local market, because many areas in the United States can produce most of our food products cheaper than we can do it here most of the year. The total farm debt in Canada, including Canadian farmers in all areas of the industry, is \$23 billion. Experience tells us that even in good years, farmers with less than 75 per cent equity have a very slim chance of survival. In recent years, even farmers with 100 per cent equity are having difficulty surviving. It behooves us as Members of Parliament and Governments in Canada to find a way to take care of this debt. It is not sufficient simply to suggest that we will reduce the interest rate from 16 per cent to 12 per cent or 8 per cent. The debt itself must be eradicated. We cannot afford to hope that the industry will turn around and we will begin to produce and receive enough for our products in two to five years to pay off that debt.

Most farmers realize that they will never repay a good portion of that \$23 billion. Therefore, there will be a foreclosure on the debt and it will not be paid by the farmers who presently own the land. The farmer will have to give up farming or relinquish a portion of the land which someone else will buy. We are not talking about the elimination of agriculture; we are talking about the elimination of a way of life for many farmers.

I, many in the farm community and, in fact, many Canadians believe that the elimination of the present agricultural structure is unacceptable. The use of land in financing has been a major problem, possibly because the cost of land went up so high. For instance, I have 160 acres of land that is worth perhaps \$100,000. However, I am lucky to have a return of \$5,000 from the land. In fact, last year I lost money on it, but I do not depend upon the production of that land to pay debts.

Let us consider the situation of a prairie farmer who has almost 30 per cent of the land in debt and the farmer is unlikely to survive on the farm. If the banks, the credit unions, the loan companies and the Farm Credit Corporation cannot collect the debt, they will end up with the land. If they were to take all that land and put it on the market, the price of the land would probably drop to some \$200 an acre from its present \$500, \$600 or \$700. The Government has suggested that perhaps land companies should be formed from the land that is being foreclosed. I call that a type of modern feudalism, a situation where we are developing land owners who will then lease the land to the farmers. Again, that is not necessarily a bad thing, but what it does is to eliminate the kind of structure we have accepted in the farming and rural community for many years, the community which has produced the products which are part of this country's wealth. I do not think anyone in this House, or even anyone in the urban communities, if he thinks about it, wants that to happen. Unless we in this House, and the provincial Governments, do something about it, it is going to happen regardless of whether we want it to do so.