

*Supply—Agriculture*

In my opinion this is why we find farmers going into contract farming and eventually finding themselves under complete vertical integration. Co-operatives have found themselves in a somewhat similar position. They have found that they also have to borrow money from the banks. They are borrowing money at higher and higher interest rates, and this must be passed on to their members when they in turn try to buy something from the co-operatives. This has happened to people who are raising large numbers of hogs, or who are in the broiler industry. The co-operatives have been able to advance money or feed only on the same basis that many of the small feed companies are advancing it, namely entering into a contract on a contract farming basis.

Therefore one of the problems the farmer faces today is this matter of short term credit. The government could give a great deal of assistance if they were to consider this matter of short term credit to the farmers in terms of maintaining the family farm. It is all very well to talk about long term credit, credit of \$20,000, extended over a period of 30 years. Unless the farmer can see that he is going to be able to realize something from his farming operation by borrowing this large sum of money on a long term basis he would be well advised not to undertake the obligation. If he finds—and he has had this happen over the last few years—that the price of his product is going to continue to drop he would be very silly, in my opinion, to make a long term loan at a very high rate of interest if he cannot immediately apply it to his production cycle so that he can at least get enough money out of his borrowing to make it worth his while to do so. The fact that he gets \$20,000 today to pay off a large number of bills is not sufficient justification for borrowing the money.

Therefore in many instances I think the farmer would be well advised not to borrow on a long term basis unless he can see in the future a stable market for his agricultural products.

In my opinion there is quite a difference between long term and short term credit. Short term credit is what will revitalize and maintain what Ontario farmers like to call the family farm. The family farm depends entirely upon the community, and in return most of the rural communities depend upon the family type of farm. If contract farming is extended through vertical integration, whereby a company runs the farm and the farmer is only a hired man, then obviously the community is going to disappear; because the individual farmer when in an advantageous purchasing position buys from the local grocery store, hardware store, feed store and

automobile dealer. These are the people who maintain small communities and rural agricultural life as we have known it. These are the people who support the schools and maintain the communities. On the other hand, when farms grow very rapidly we find that these people buy from the wholesale outlets. They always have the advantage of wanting 20 tractors instead of one. They do not want to buy one carload of feed at a time but 20 carloads, and they tend to deal outside of the rural communities as we know them.

I think the minister should give serious consideration to making short term credit available to the farmer so the farmer can deal within the community, so he can continue to purchase enough products to be able to expand and operate efficiently and not have to go outside the normal credit procedure he has used for many years. I do not think this matter has been given any consideration at all, and in my opinion it is one that should be given consideration.

I have heard some people say that vertical integration may not be a bad thing, and economically this may be true. Vertical integration means automation in agriculture. I am quite sure it will mean a lessening of production costs, but if this takes place I suggest it will not mean that people will be able to buy food cheaper or will receive any of the advantages of the lower cost of production. Rather it will mean that consumers will have to pay more and more for food products because their production will be controlled by a very few people.

We find that in Ontario the production of broilers has been vertically integrated. I am quite sure that some of the western members will say "So what?", but I suggest that if one segment of the economy becomes controlled by the packing companies or the feed companies it will immediately affect the rest of the meat industry across Canada. If they are going to control the broiler industry completely and they dump a large number of broilers on the market, there will be no meat sold in Canada. Such a situation would be developing very rapidly at the present time if it were not for the great impetus to the meat industry brought about by the export to the drought areas of Texas of a large number of feeder cattle.

I believe western farmers had better give very close consideration to the problem of vertical integration, because while they are not now affected to any great extent with respect to the meat industry I am quite sure they will be. Members from farming constituencies who do not agree should visit a local Loblaw store or any chain store in the city of Ottawa. They will find that the housewives