

Farm Machinery Syndicates Credit Act

they have continually been faced with static or falling farm prices. At times they have received small increases but those have been accompanied each year with larger and larger increases in the cost of farm production. This is the old cost-price squeeze that every member of this house has been hearing about since the early fifties, and about which the minister spoke many times at great length when he was sitting in another part of this chamber and representing another interest.

It seems to me, that bringing about changes in the act to allow the governor in council to peg interest rates in accordance with the prevailing rate at any given period of time adds an additional cost to farm production for which the farmers are not prepared to stand. I must say that one of the reasons I am in this house is that many farmers have told me they are not prepared to stand for this sort of thing, and that they had lost faith in their previous governments who did stand for it.

With the prospect in the current year of lower farm incomes the government's plans for higher interest rates under these measures come at the worst possible time. All indications are that the grain harvest on the prairies this fall will produce substantially less high grade wheat and record quantities of low grade. Instead of good No. 2 or 3 northern wheat to sell we may have a lot of No. 4, 5 or 6. The prospect is for a lot of tough and damp grain being harvested as well, which, of course, can mean heated and out of condition grain in the farmers' grain bins later this fall.

Let me illustrate the situation by giving the price today, basis Regina, for No. 2 northern wheat. It is \$1.48½. I was in my constituency last Saturday and Sunday and had a conversation with one farmer who had made two rounds in a field of wheat early in September before the rains came and threshed a few hundred bushels of wheat. The crop was running between 25 and 30 bushels to the acre. He took samples to his elevator and they were graded No. 2 northern. Then the rains came. Periodically since then he was able to get in half a day or a few hours of combining, and the samples that he next took to the elevator were graded No. 5 wheat. So instead of getting \$1.48½, basis Regina, he will get \$1.23½, a drop of 25 cents per bushel. In addition, he has combined some of that wheat tough out of sheer desperation to get as much threshed as he could. Tough wheat, Mr. Chairman, means another four cents less per bushel.

The bins of this farmer are full of fairly high grade wheat from last year. The fact that he will have lots of low grade wheat may make the Minister of Trade and Commerce and also the hon. member for Winnipeg South happy because it will undoubtedly make it easier to sell larger quantities of grain on the export market. However, it will not make the farmers any happier, because large quantities of low grades of grain sold at a lower price mean a lower income to the farmers. Surely these difficulties are bad enough without the farmer applying for a farm improvement loan for the purpose, say, of building additional grain storage, either a lumber or a steel bin, which by the way are very difficult to get, being faced with a higher rates of interest, particularly when the building is for storing low grade wheat which will return to the farmer less money. The chances are that unless the farmer can get his grain out of the bins and into the elevators a great amount of it will be lost through spoilage. With the kind of harvesting conditions prevailing during the last few weeks in western Canada, surely this is the worst possible time for any government that has a social conscience even to contemplate higher interest rates for farm improvement loans and Farm Credit Corporation loans.

The standard excuse for increased interest rates, of course, since their rapid rise last winter and spring has been that the banks will not lend money under the Farm Improvement Loans Act at the present fixed rate of 5 per cent because they can get much better rates elsewhere. Personally, I feel that that is too darned bad for the banks. I submit that now is the time for the minister and the government really to do something about beginning the new politics. After all, production of food is of national importance. Surely now is the time for the Minister of Agriculture and the government to declare as a national policy that this most basic of all industries is no longer to be the victim of the cost-price squeeze, that this government will no longer burden farmers with increased cost of production as a result of its own legislation.

Canada, has one of the largest areas of good agricultural land of any country in the world. It is filled with the most competent and efficient farmers of any country in the world. Only the organizational genius of the present government and previous old line party governments could see to it that we now have 20,000 fewer farms than there were in 1961.