

Farm Loans Interest Rebate Act

year and this year, probably into next year, by direct purchases from the Soviet Union. So we have a unique situation which has developed where you really have two countries acting as the main suppliers of grain in the world.

At the same time many countries around the world are starting to find themselves short of grain, but with the price of grain very close to what it was in the 1930s in real terms. In southern Manitoba, for example, corn is now selling in the neighbourhood of \$2.25 a bushel. It increased over the weekend by eight or nine cents a bushel because of a U.S. Government move to shore up their free stocks of grain. But the price of \$2.25 a bushel is approximately 35 cents to 40 cents below the cost of production. This does not include a multitude of fixed costs. So you can see the kind of cost-price squeeze in just one commodity which is reflective of the situation generally throughout the agricultural sector. The same situation has developed for barley, wheat, rapeseed and soybean, in fact, most other exportable grain or oil seed crops.

All of this has been caused by a series of events, the reaction to which was thought to be in the best interests of freedom, but which in fact has turned out to be a literal disaster for agriculture. The problem, of course, is that I do not believe we are going to learn from past mistakes. It is very tempting for any government to use food as a political weapon, particularly so when we in North America can produce food better than anyone else in the world. From time to time we will probably be tempted to use food as a political weapon, and ultimately to our detriment but nevertheless in my opinion it will be used. That is unfortunate from the point of view of the farmer, the country affected and all the infrastructure that surrounds the producer. Unfortunately, I think we are going to see more of this reaction and food will be used as a weapon in settling politically motivated global disputes. I do not like to think of that but it may become the reality.

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One of the problems that the farmer is facing is low grain prices—indeed, low agricultural prices generally, with the possible exception of the livestock sector although it is not in a healthy state at the present time. He certainly faces low grain and oil seed prices.

The other aspect of this gloomy scenario is one that we have developed ourselves, to some extent. Nothing could have insulated us from the effects of the world recession, but most observers of the political scene agree that we have made matters worse through a series of bumbling and stumbling government measures. These have contributed to disastrously high interest rates which have had a direct and immediate impact on agriculture. In most cases, the farmer cannot pass high interest rate costs on to anyone else and has to absorb them.

The cost price squeeze is the result of various inputs that have been built into Canadian society. Agriculture probably uses more energy than any other industrial sector in the country. The price of fertilizer has increased and so has the price of the propane used for drying grain and in some cases, for running tractors. Two years ago it cost five cents to dry a

bushel of corn; now it costs 20 cents. That price increase works its way through the system, into such things as the plastic used in the manufacture of grain drills, parts for tractors and so on. The farmer is being whipsawed at the present time and agriculture does not look like an attractive occupation in the foreseeable future.

We must begin making plans to provide Canadian agriculture with a more positive future. As legislators, we must point the direction in which we would like to see the industry move. One area we should examine is the use of agriculture as one of the mainstays of an industrial strategy. We have better agriculturalists than any other country in the world, with the possible exception of the United States. We can produce food better and more cheaply than most countries and we should be using the agri-food sector as one of the mainstays of our society, with energy as another possible support.

I say that because when you are good at something you should try to maximize that skill. The Government should help agriculture if and when it needs it by providing research and development toward that end. It should maximize the use of our transportation system and it should also allow the marketplace to determine which agricultural products should be grown. As a country, we should be deciding to go ahead with a few winners. Agriculture is probably the largest employer in the country with about 25 per cent of the total work force being engaged in processing, shipping, packing, storing, labelling, or trades in some way connected with agriculture. When we are good at something that provides a lot of employment, such as agriculture, we should focus our attention on becoming a superpower in that area.

I do not think there is any doubt that in the eighties and nineties agriculture will be as important as oil was in the seventies and probably more so because we must have food. There are more people to eat it now.

The Government should formulate broad-range policies and guidelines for the direction it wants agriculture to take. I do not think we should have any more marketing boards than there are at the present time and certainly none in the livestock industry. Since his election, it has been a pet project of the Minister of Agriculture (Mr. Whelan) to move this country toward more supply management, a more tightly controlled agricultural industry. I do not think that fits into the scenario that I see for Canada as an agricultural superpower in the eighties.

Over the next two or three years we should put the best academic and political brains together with the farming and industrial sector in an effort to work toward the goal of becoming a superpower. Even though the United States is at present having trouble selling its grain and some other agricultural products to the Soviet Union, it is using its knowledge and expertise in agriculture to help with its balance of payments problem. Canada has the same opportunity. If we could ensure the flow of our products to our ports and that our infrastructure was geared to meet the challenges of the future, we would have no fear in terms of balancing our books,