per cent return on investment to Canadian Pacific. This rate compares most favourably to the 7 per cent return on investment to farmers.

Similarly, we find that a movement of the compensatory rate would absolutely wipe out Manitoba's net farm income. In 1980 Manitoba's farm income would have declined 156 per cent to a net of minus $30 million by the use of compensatory freight rates. That would be the consequences of the policy put forward by this government, a government which is actively encouraging farmers to grow more grain to meet the export targets it has set. No wonder my colleague, the hon. member for Regina West (Mr. Benjamin), called this a plan which could be topped only by one other government, namely, the military government of Poland.

I mention these examples to underline the income problems of farmers. I see little future for farming in Canada, given the lack of direction and concern of this government, if net farm incomes continue to decline. Taking inflation into consideration, a decline from $3.5 billion in 1974 to $3.3 billion in 1980 is a very large one. That is a decline in both relative and absolute terms, one that is fuelled by the monetarist policies of this government. The projected 20 per cent decline in 1982 is a further indication of a deepening crisis in Canadian agriculture. All the borrowing in the world will not be a sufficient answer to those farmers with incomes inadequate to meet their greatly increased obligations. If you cannot show a profit, it does not make sense to continue borrowing to cover your losses.

I say this, Mr. Speaker, in order to underline to the minister that we on this side of the House do not see the amendments to the Farm Credit Act as any kind of solution to the problems in agriculture. Rather, we believe that proper application of economic principles which will support farmers is the only way we can keep them in the business of providing food to the world, which is what they want to do. It is up to us to assist them in every possible way. This bill is a bandaid which will not stop the bleeding. The minister had better come up with more and better plans if he hopes to save the industry for the farmers.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I want to join my colleagues in welcoming this bill. We all know the agricultural community needs something, we do not think this is enough, but we will probably have to accept it for what it is worth in the hope we can get more and better understanding of the farming community in the future.

Now, the government went out and bought money last fall at 19½ per cent. It dried up all the working capital for the business community in Canada. It bribed the people into lending their money, which the banks turned around and loaned out. It was the people's money, that is right, and now we are left with a double dilemma: mismanagement and no money.

There are few things which indicate more clearly that this government has a rather peculiar method of establishing priorities. The federal government's advertising budget last fall got a whopping $225 million, while it can only add a measly $50 million to the woefully inadequate Farm Credit Corporation budget. All of us here from rural ridings know the FCC always runs out of money several months before the end of the year. If the government must advertise, it would have made much more sense to allot the $50 million for that, and the $225 million to the FCC.

Last fall's budget lowered the interest rate of FCC loans to 11¾ per cent, but only for farmers on the verge of bankruptcy. This would allow most if not all marginal farmers across the country to become financially viable, and help them stave off bankruptcy two or three years down the road.

Farmers are by tradition a proud and self-sufficient breed of people. What we have here is a situation where the FCC has money in one pocket for certain farmers and money in another pocket for others. The FCC offers farm loans at 16¾ per cent, and if that proves too great a burden to a farmer, then all he has to do is to go to his FCC office cap in hand and plead for a loan at the lower rate in order to avoid bankruptcy, as I mentioned a moment ago. It is a pretty weird economic policy, and it is cruel and insensitive. We have a similar situation with regard to small business and the Small Business Development Bond. Today it is known as the small business bond. With great fanfare, it was announced last fall that the Small Business Development Bond plan would be extended for another year. However, it was stated in the next paragraph that this would apply only to businesses and farmers in dire straits facing bankruptcy. It is high interest rates which are forcing most bankruptcies in the first place.

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We have a Minister of State for Small Businesses and Tourism (Mr. Lapointe), we have a Minister of Agriculture (Mr. Whelan), and we have a Minister of State for International Trade (Mr. Lumley). Do these ministers have so little clout in cabinet that they cannot convince their cabinet colleagues that farmers and small business people should have access to favourable rates of interest as a matter of right and not as a matter of second choice? Why should farmers and business people be burdened with higher interest rates and be given access to lower rates only if they can prove they are facing imminent bankruptcy? At the same time the Bank of Canada interest rate was coming down, the rate for a Farm Credit Corporation loan was raised from 14 per cent to 16.75 per cent in the budget last fall. If the new interest rates threatened to break the backs of the farmers, the Farm Credit Corporation will grant them loans of 5 per cent. It is no wonder that farmers across the country scratch their heads and wonder what strange and idiotic government policies will emerge tomorrow. The same might be said for thousands of business people across the country.

I think we are all aware that within recent months there was a price war on food commodities which was generated by large chain stores competing with gimmicks for the customers' dollar. According to an article printed in the *Farm and Country* magazine on January 19, 1982, a recent survey