

the beef operation until such time as some order can be brought to the marketplace.

I submit that there is a desperate need in the marketplace for a countervailing force on behalf of the producers to deal with these very large and complex retailing chains that are creating havoc in the industry.

I would ask those who disagree to explain the price spread between the producer and consumer for A-1 and A-2 steers in Toronto of 45 cents per pound on a dressed basis in 1977 and \$1.18 a pound in 1980. That is an increased price spread of 271 per cent. It is no wonder that the beef industry is sick. The producer prices did not increase by that much. It is not hard to see where these profits are going. By comparison, price spreads in the egg industry in that same period, between the producer and the consumer, increased by 25 per cent.

Although there is much discussion in this House about agriculture, it is also a provincial responsibility. It is interesting to note that in five out of ten provinces, the provincial budgetary expenditures are greater than the federal government expenditures. In eight of the ten provinces, certain classes of producer receive interest rate subsidies. I must admit as an Ontario farmer that I am getting an inferiority complex because, as the slogan says, "We stand alone."

I will now quote from a brief submitted on October 5 to the Federation of Agriculture Task Force by the Lambton County Federation of Agriculture. I am sure you will agree that we in Ontario have some serious problems. The brief says:

In Ontario it seems unrealistic to operate a farm for a period of years and walk away from a failing endeavour, sometimes with nothing. This is happening, however, and even though those who are leaving agriculture seem to be small in numbers, they are in fact many of the young farmers that will be needed in future years. A young farmer who is 37 years old who has been farming since the age of 25 and is forced into leaving the farm has much more to lose than just money. These individuals have given the best years of their lives to a failing industry and country. How can anyone put a dollar value on those years? The way in which lending institutions and individuals, both professional and federal, are treating the issues that face agriculture would seem to indicate the years of hard work are without value. This is not just an over-simplification of a problem but in fact is the reality of the situation for many young area farmers. The banking institutions must share the larger responsibility for the present day crisis in agriculture.

As recently as 1980 banks encouraged many farmers to expand their operations, to buy more machinery and of course to borrow more money. At the time interest was much lower and the cash flow projections that a farmer presented generally indicated that farm expectations were viable but in many instances might have been marginal. Often bankers and farmers hoped for high commodity prices that may have been unrealistic. Many bankers that were approached for the purpose of this study believed the commodity prices had to improve because costs of production were always getting higher and these increased costs surely must be a global phenomenon. For example, the world wide increase in fuel costs should be seen in commodity price increases. In the U.S.A. state and federal programs were established to help the failing agriculture industry. Machinery companies offered unusually low interest programs. The American farm cost increases were up not nearly as high as the Ontario farms. In the rest of Canada provincial governments seemed to anticipate the growing problems. Many provinces began interest subsidy programs to keep their province's agricultural businesses viable... To our disappointment Ontario has no current industry subsidy programs. If we remember the program last year, we realize that the subsidy offered was 3 per cent of total interest to a maximum of \$3,000 rebate. The \$3,000 figure was barely the tip of the iceberg that most farmers, particularly young and new farmers, had to face. That situation seemed rather peculiar to Ontario farmers. How is it that Ontario, one of the wealthiest provinces, and certainly one of the largest in population, is not and has not provided a subsidy

Agriculture

that would protect its agricultural interests from the present inflationary spiral? The answer, I am afraid, may in fact be political.

The rural community is probably about 5 per cent of the population in Ontario and the consumer community which puts our politicians in power, is the balance of that population. Government cannot support a smaller sector of society at the price of losing both. The rural vote is really not that aim; at least this appears to be the case. Private business would certainly expect the same kind of subsidy. Interestingly enough, this has not been the case in other provinces, with a possible exception of Quebec. The solution in Ontario may not be as complicated as it seems. A high profile campaign aimed at educating the urban centres about agricultural productivity in Ontario and its importance to food production in Ontario would seem to be necessary. The public must be made to realize the fact that only through higher Ontario agricultural productivity can they be guaranteed a continued supply of high quality products at the supermarket.

The Lambton County Federation of Agriculture further recognizes that the criteria that lending institutions use to lend money must remain fairly static when considering farm operations. Farming operations do not lend themselves to fast changes in terms of their production. The banks should be forced to honour previous commitments and should change their policies to accommodate farmers facing financial difficulties. Lending institutions that have encouraged the development of farm operations along certain lines should be forced to continue to support these operations. The lenders themselves should be penalized along with the producers if there need be a penalty at all.

In most instances, banks have contributed to the decision-making of farm operations. Bankers have always been thought of as having a certain expertise in financial matters concerning the farm. In the past few years they have proven to the farmer that the chances of them making the correct decision are about as poor as the farmers'. This has resulted in an underlying feeling of resentment that the farmers seem to have for the lender. Bank managers only wish to ensure that the banks get what is coming to them. Farmers are experts in the job of farming and they see bank managers as being inexperienced or incapable of making proper decisions when it involves the operation of a farm. They are playing a dangerous guessing game trying to anticipate what the next move will have to be. This can obviously be seen in the Bank of Montreal's Small Business Development Bond for farmers. If the government does not approve the SBDB program for farmers then the results to marginal farm operations who receive the benefits of the bond will be disastrous and of course the banks will appear as if they really tried to push for the program but the government let them and the farmers down. The government will have appeared to be the villain in the case when actually the bank has only manipulated the situation to produce this result.

This quotation from the Lambton Federation of Agriculture is most interesting. They conclude by saying:

The task force must insist that the Ontario government be made responsible for the needs of the farmers' communities in Ontario.

I wish to compliment the Lambton Federation of Agriculture on this document and its conclusion.

In closing, I wish to say that the Minister of Agriculture has legislation at his disposal that would enable the producers of Canada to direct, plan and control their destiny, if and when the majority of producers in Canada or a region of Canada request it and its implementation. I am speaking of the legislation I referred to earlier, the Farm Products Marketing Agencies Act, which allows producers, either through declaration by lieutenant governor in council or following plebiscites, or by other means, which could include a petition, to organize, to set their own prices, to market their own products or plan their production based on need, whether it is for domestic consumption or for export. I suggest to producers that this is one of the moves they will have to make if they are to have that countervailing force in the market to which I referred earlier. I suggest that we examine what is happening in the total context of where the problems are in agriculture at the present time. Certainly it is those who have at their disposal this legislation and who are currently using it who will weather the storm.