

Supply

country, and if I have the time, I will read into the record a few things on which I made notes today. There are reasons behind that fact. Of course the first reason is that there is a large number of farmer MPs in our caucus, as well as a large number of MPs who represent urban-rural ridings. We have my colleague from Metro Toronto who is a urbanite. He is present in the House, he is listening to the debate, and he is interested in it. He will participate as he already has. The second reason can be found by looking at the complexion of the cabinet table. More farmers and people representing urban and rural ridings are around the cabinet table than at any time in the past. With the possible exception of the Diefenbaker administration and its Minister of Agriculture, my colleague, the Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) who is in the House today, we have not had a Prime Minister prior to or since who possessed as much understanding, appreciation and compassion for the agri-food industry, particularly the primary sector, the farmers, as does the Right Hon. Prime Minister who leads this Party and this Government.

• (1640)

I do not know whether I will ever get to the record here, but I am sure that if I do I will not have enough time to go through it. What really galls me about the major financial difficulties that our farmers, primarily the young ones, are experiencing today is that they are a direct result of inaction by the previous Government and certain signals it sent out which turned out to be wrong. What were the Liberals saying? In the mid 1970s they were sending out messages trying to convince Canadian farmers, young people, that certain things would take place in the 1980s and beyond. Having listened to what the Liberals were saying, it is no wonder they got into a lot of trouble. In the mid 1970s the Liberals said: "Look, boys, go out and buy land. Expand, produce, produce to beat the band. Do you know what the future looks like? Interest rates will remain stable". The Liberals were dead wrong. They said that energy costs would remain stable. They were dead wrong. They said inflation was going to remain constant. They were dead wrong. And, listen to this one, Madam Speaker. The Liberals said that we would be going through a situation of world shortages. In complimentary terms, the Liberals were dead wrong again. Do you know what else the Liberals were saying, Madam Speaker? They said: "Go out, produce to beat the band and expand your operations. Borrow the money. Go ahead. You will not have any problems getting out of debt. You will also be going through a period of record high prices for all commodities in Canada during the 1980s and beyond". Those are just some of the signals that were sent out.

Let me talk for a moment now about how indignant the Liberals are over the special Canadian grains program. That program of ours is the largest single financial contribution ever made to Canadian farmers in our history. It amounted to \$1 billion. We never said it would fully compensate, but it went a long way. There is no question about that.

We hear some argument about a shortfall. I never got into the shortfall except to acknowledge it. We acknowledged it in Vancouver the first time the Prime Minister, the Minister of Finance, the Secretary of State for External Affairs and I met the farm leaders. The farmers do not want to get into a bidding game about what the shortfall is. From our Department, the best calculation of it is somewhere around \$1.5 billion. Somebody will say the shortfall is \$2 billion, someone else will say it is \$3 billion and someone in a letter of transmittal said it was \$4 billion. That is not important. There is a shortfall and it is a big shortfall and we have acknowledged it. I have also said that we do not have the financial resources here in Canada to take on the United States dollar for dollar nor do we have the financial resources in Canada to take on the European Economic Community dollar for dollar.

There is a shortfall that is far larger than the shortfall caused by the U.S. Farm Bill, the Export Enhancement Program and the trade war between the U.S. and the EEC.

When the Liberals were in office, interest rates rose from about 10 per cent to, as somebody said, 22 per cent. That is nonsense. I can tell you that a lot of farmers had to pay 24 per cent, 25 per cent, 26 per cent and 27 per cent. Let me give the benefit of the doubt and suggest that interest rates increased from 10 percentage points to 24 percentage points, which I believe is a 14 point spread. Each percentage spread in the interest rate is a direct saving in our case, and we will come to that later. In the farmers' case it is a direct increase. Each percentage point makes a difference of \$130 million either on the plus or on the minus side of farm input costs. Now multiply 130 by 14 and we arrive at a shortfall of nearly \$2 billion. If I had not given the benefit of the doubt, then that shortfall, as a result of economic policies and over-spending which caused interest rates to go beyond the 14 per cent spread, would be well in excess of \$2 billion. That is far larger than the impact on Canadian farmers caused by the U.S. subsidy war and its Export Enhancement Program.

What did the Liberals do? One cannot say they did nothing. But the only thing I can find in the record is a little farm assistance program which assisted 2,100 farmers. It brought interest rates down from 16.75 per cent to 12.75 per cent. Do you know who paid for that, Madam Speaker? The Liberal Government did not pay. Its Minister of Finance did not pay. The farmers themselves paid for the shortfall, that little special farm assistance program. It was not until our Government came to office that we negotiated an agreement through our Minister of Finance. We took the burden away from the farmers and introduced our interest rates conversion program, an \$80 million commitment, and we reduced interest rates of all 5,600 FCC borrowers from 16.75 per cent to 12.7 per cent.

Since September, 1984, when we took office, interest rates have declined more than 4 percentage points. If we apply the same \$130 million that we applied on the cost side when the Liberals were in office in interest rate reduction alone we will find that we have saved farmers \$650 million. Let us just apply that to a typical farm operation with a \$500,000 mortgage.