

*Committee Reports*

of perhaps 1 or 2 per cent of the total grain produced. This does not represent a bail-out of farmers across the country.

The report also recommends deficiency payments for grain producers which may ultimately be the most effective and worth-while of all the recommendations. The report recognizes the effect that increasing the price of domestic wheat may have on low income consumers and suggests that the Government should protect them from large increases, if it accepts the recommendation.

The report also warned against the danger of increasing the cost of wheat products which may have to compete against imported products and recommended that the Government ensure that this did not happen.

It is obvious that the committee did a very thorough job in not only looking at the problem of cash flow, which was its particular mandate, but looking at other problems which arose as part of the whole approach.

The greatest value of this report, apart from its recommendations which are now before the Government, is possibly the fact that it will make the rest of the country aware of the need to do something about the cash flow of grain producers so they may continue to operate even with the current low price for grain?

The Government will have to consider several alternatives to increasing the domestic price of wheat. One of the alternatives suggested in the report is deficiency payments. Some action has already been taken with respect to the cost of production, an area in which the Government can possibly do more if it decides to increase domestic payments. The Government has taken steps with respect to the price of farm fuel and has removed the federal tax on both diesel and regular fuel to the point where the tax is only a fraction of a cent per litre. Fertilizer is a major cost to wheat farmers, and while its price has decreased somewhat, it is only because the farmers have not bought as much fertilizer. The price of fertilizer has not even been affected by the reduction in the world price of oil. This is an area in which the Government could take action.

The Government has not taken steps to reduce the input costs to farmers, such as the cost of chemicals, and therefore reduce the requirement for large deficiency payments. If the cost of production can be reduced by a few dollars per acre, the requirement for bringing deficiency payments up to the cost of production will not be so great.

I hope the Government is prepared to produce its debt review structure for which we have been waiting. Such a mechanism would not particularly increase the income of farmers, but it would help them to remain in business. We hope this debt review structure will have the authority to force creditors to recognize that there is a problem and farmers must be given the opportunity to recuperate from the disasters of the low price of grain.

The farmers are carrying a \$28 billion debt and, much like the situation faced by the Government, much of their cash

flow is used to service the interest on that \$28 billion debt. Maybe that is a good place for the Government to start. Maybe we should be eliminating, as far as possible during these times of low commodities, the cost of servicing that debt.

● (1300)

The Government has also taken some action, at least, in freezing the cost of transportation, which has become another major factor over the last few years, in delivering grain to the world market. But most of all, I suppose what the Government must do, as the Secretary of State for External Affairs (Mr. Clark) expressed it a few weeks ago, is to try to break the cycle of subsidies that are being paid in other countries and to put the structure of the sale of farm products, particularly grain, much closer to the cost of production level than is presently happening, with the U.S. and the European Common Market subsidizing as much as 70 per cent of the cost of production.

I must also express my concern that the Government has not consistently placed before the agricultural community a policy which indicates that it is really serious about making it possible for the farmers to stay on their farms. In fact, just last week, the Deputy Minister suggested that the main policy approach of the Government of Canada must be the elimination—although I am sure he did not use that word—of 20 per cent of the farmers during the next few years, and to help ease the pain of getting those farmers off the land. It would be interesting to know if this is the basic policy that the Government is accepting, that it has moved away from the protection of the family farm and is now finding methods of getting 20 per cent or more of the farmers off the land, into the transition program and, consequently, no longer producing. However, I would point out to the Government in this case that, farmers being what they are, eliminating a certain portion of the farmers from the structure will not solve the problem, because the farmers who take over the land will produce grain on the same land and if they cannot receive cost of production, they will not survive very long. We will still be facing exactly the same problem as we do now in the pricing of grain.

As in the past, we again call on the Government, even as it considers these recommendations and makes decisions as to how they will be implemented, to take a global look at agriculture and the possibility of establishing some kind of parity pricing, which would mean that in all of the agricultural areas, all of the commodity producers could look forward to a price which would at least give them the cost of production. In cases of emergency, that cost of production does not need to be much higher than exactly the basis of the input plus the cost of the land, in some kind of a capacity so that a large portion of the farmers can survive.

The Farm Credit Corporation told us just yesterday that it feels that 22 per cent of farmers across the country are in some kind of financial difficulty and that as many as 6,000 people to whom it has lent money are no longer able to make any payments on their debt and that 2,000 of them are beyond saving. That situation is growing. If it is that bad now, it will