default on interest payments and, quite often, on their principal payments. There is a similar situation in Ontario as well where we are seeing very good productive farmland sold to quite often foreign investors and then leased back to the former owner for at least a five-year term. That seems to be the only way that some of the young farmers can stay on the farm and, hopefully, in the next five years will be in a position to buy at least a small piece of land in order to stay in agriculture.

This is a crisis, Mr. Speaker, not only for farmers but for all of us. Recent reports showing that consumer confidence is at its lowest ebb since early 1978 ought to be causing alarm bells to ring in the heads of this government opposite. We live in a country that can and should be growing, producing more and employing more people. Of course, inflation is a major problem, but it is being aggravated by this government. The high interest rates caused by government policy of depressing demand must either put more farmers out of business or put food costs up by more than is necessary. Only a very sinister government would even attempt to make it more difficult than necessary for Canadian families to buy food. But clearly, if farmers must pay interest rates that range up to 22 per cent or higher in order to buy seed, fuel and fertilizer, or to buy calves to raise, then they must pass on this cost in the price of their produce. The structure of the food industry is such that these higher prices at the farm gate are subject to markups that are figured in percentage terms, not in mere dollar terms. Thus the increase in the farmer's cost of production is magnified as the percentage markups all along the line are built into the price the consumer must pay. Even trucking the marked up food to market has taken a cost leap since midnight last night. Clearly, then, the present high interest rate policy is fuelling inflation in this most vital of all areas of consumer spending.

All these pressures are faced by farmers, Mr. Speaker. Higher land financing costs, higher cost of seed, fertilizer and fuel, as well as livestock, and tremendously increased rates to finance the cost of all these higher prices, are hitting farmers, while imported meat keeps the prices paid to Canadian farmers temporarily low. I say temporarily because once Canadian farmers go out of business in great numbers, there will be no more cheap imports. We will be in the position in agriculture that we are in energy where an incompetent government has just added 9 cents to the cost of a gallon of gas because it has followed a policy that depresses Canadian production and increases the need for imports. Today the consumer can see quite clearly how dearly this government intends to make him pay for its clumsy energy policy, and some day soon the consumer is going to face similar unnecessary burdens because of its clumsy agricultural policy.

We on this side of the House have recognized that the way to combat inflation is not by forcing food prices to rise because of a high interest rate policy added to the higher input costs, but to shelter the crucial food sector from any unnecessary exaggeration of the general rise in the costs of production. We who first introduced the small business development bond because we know that small business creates most of the jobs in this country have recommended again and again that this interest-cutting program should be extended to unincorporated farms as well. It is the consumer who will benefit from lower interest costs to farmers, not farmers themselves. By keeping the cost of food when it leaves the farm gate as low as possible, we would be helping to contain the added cost of the percentage markups added after food leaves the farm gate and moves through the processing, distribution and merchandizing system. If this government is at all serious about controlling inflation, Mr. Speaker, it would realize that its wisest course is to stop trying to make tax dollars out of the business of farm credit, and allow the small business development bond to be used by Canada's family farms, to everyone's long-term advantage.

This of course is not a permanent solution to the problem of farm credit, Mr. Speaker. Some more stable method of farm financing is necessary if we are to preserve the extremely efficient farming system we have developed. We need only to look at the dismal state of a country like Poland to see how lucky we have been that an efficient, self-motivating agricultural economy has continued in Canada to provide us with food as cheap as any in the world, or nearly so.

If we are to preserve this kind of efficiency in the future, then we need to provide the necessary financing instruments to help young farmers and expanding farmers buy their land and facilities. What we on this side of the House have suggested time and time again is an increase in the funding available to the Farm Credit Corporation. It is a very useful instrument for farmers who, along with the high costs of what they must buy and of the money they must buy it with, must also pay high prices for their land and buildings. The trouble is that there is not and never has been enough money for the Farm Credit Corporation. If the government cannot provide the lending capital itself, it should be bringing in legislation now to allow the Farm Credit Corporation to borrow in the commercial markets. What is needed from the government is the means of making that commercially borrowed money available to farmers at rates that do not force them to contribute to inflation. No doubt the finance minister believes that any mechanism to keep interest rates low when the Farm Credit Corporation is borrowing commercially must involve a drain on the treasury. But the finance minister might do well to weigh the costs of such a policy against the benefits. Revenues that are forgone in the interest of decreasing Canada's rate of inflation may replenish themselves in the savings realized in government expenditure later. Considering that the federal government will be paying indexed pensions to more retired civil servants than Canada has farmers, it is clear that the finance minister ought to be seeking ways of ensuring that he does not contribute to inflation through a misconceived policy.

• (1600)

It is important too for Canadian senior citizens that the costs of food be contained. Taking steps to ensure that food production costs are not pushed up by interest rates is clearly part of the duty of the government toward senior citizens for whom food costs are a very important item in the budget.