

Agriculture

the area and across the country. Many Ontario farmers have gone to areas such as Medicine Hat and other parts of the western provinces to purchase livestock, so these problems will have a flowback effect.

Most farms in our area are family farms. I think most farms in Canada are family farms. Most of them are unincorporated. Many of these farmers in the past have hired labour, but in the last 18 months this has changed. Farmers and agricultural producers cannot afford to hire labour. They would like to have more people working on the farms but this is just not economically possible.

Farming can be a good and rewarding life provided the operation is viable. In recent years we have often seen young children, the sons and daughters of farmers out driving the tractors and operating farm equipment. I think all hon. members know the cost of tractors and other farm equipment today. They are making use of those young people who really should not have that responsibility at their young age. I have seen young children, 11 or 12 years of age, as well as the wife working on the farm.

● (1750)

I believe farmers are doing their best to try to overcome this crisis. It is very discouraging for a farmer who works a full year, plants a crop in the spring, tends to his livestock in the barns and does everything right, but when he goes to market he finds he has less money at the end of that year. The result of that is that he has lost large amounts of equity in the operation which he has built up over a lifetime.

Agricultural producers have always had what they thought was inexpensive food. That is the producers' belief; consumers may hold a different view. It may seem like a lot of money to pay \$15 for a roast, but if they were to drive up the street to a gas station to fill up with gas, it would cost anywhere from \$25 to \$35, depending on the car and where they are travelling to.

It seems we have an oversupply of pork and beef which is also creating a crisis. However, we also have cost increases in fertilizer, seed, pesticides, fuel and other input costs which hurt the producers' profitability. Although that may not be the real cause of the crisis, those costs are there and getting greater all the time.

Whenever a farmer has to buy a repair part or new machinery, the price has gone up another 10 per cent. This happens perhaps three or four times a year. New machinery today costs at least \$20,000, and many pieces of equipment cost upward of \$75,000 to \$140,000. I do not believe that is the real cause of our crisis situation today, either. The crisis we are in results from the interest rates we are faced with today.

Farmers have control over some of the things they purchase but they do not have control of the interest rate they pay. If farmers are going to produce food for Canadians and citizens of other countries in this world, which they are capable of doing and wish to do, the high interest rate policy cannot continue. Farmers cannot continue to pay the high interest rates today.

Most farmers today have no choice but to borrow money. They have to borrow their operating capital on a floating loan, and if they are to stay in agriculture they have no choice but to take the money on the bank's terms. They have no other way of doing it. Quite often they cannot liquidate any of their debts because of floating interest rates.

Farmers would not have to borrow on a floating rate if the government would put an end to that policy. This amendment could be made to the bank legislation, and it should be discussed at a finance meeting as well.

The hon. member who spoke before me talked about farm credit loans made to a number of farmers to increase their land base and about the fact that farmers felt they had to take out these loans to stay competitive. I would suggest that most farmers in the area which I represent are refinancing or trying to refinance just to hang on to what they have. There are many farmers who cannot last. They have to buy their seed, fertilizer, and other items I have mentioned on short-term operating credit. This year the long-term financing through the Farm Credit Corporation has gone up to 16.75 per cent, and it is more elsewhere. In some cases there is no medium-term financing available. Even a Farm Credit loan at 14 per cent is not a workable situation for many of our farmers.

Most of our producers used to look at farm credit as a means of staying in production. I believe we have very devoted producers who are willing to take a lot less, and have taken a lot less, just to maintain their home and family operations. Even for those who, I believe, will be fortunate enough to get a loan at 16.75 per cent, it will be extremely difficult at today's prices to carry on their farming business. As a result, I think this year we are going to see another severe loss of equity after our crops are harvested. Corn is coming off in Ontario at approximately \$2.85 a bushel. That certainly does not meet the cost of production.

Farm machinery dealerships will be in difficulty again. Farmers will not be able to purchase machinery, and if they do, they will not be able to pay for it. Farmers who are desperate to stay in business will do almost anything. They will obtain financing at the farm dealership or anywhere they can, and in some of these cases the dealerships will have to repossess the machinery. If dealerships go out of business, it will have a severe effect on manufacturers such as Massey-Ferguson and White. I would like to see these companies stay viable as well.

The small-business men in the farming communities are also being hurt by high interest rates. Businessmen in small towns such as mine cannot keep the stock they used to have. They are feeling the severe effects as well because the farmer can no longer afford to use their services to make the small purchases or repairs on his farm equipment. He would rather try some other means of getting by in the meantime. The interest rate policy of this government is having a devastating effect not only on the farmer but also on our businessmen on the main street. It will eventually hit our cities just as hard.

The town of Goderich, for instance, with a population of 6,000 has a good industrial base. It has a harbour that can