

Mr. KIRK: Well, first of all, the agency recommendation involves much more than feed freight assistance as a policy, although I assume they are related in the sense of trying to get an equitable policy so that all farmers can make a living. But, it would be going too far to say that this is by any means the only factor involved. A very significant factor for many farmers is keeping the grain price at a fair level.

Mr. BEER: Do you feel that there may be people in the industry who are achieving unfair advantage as a result of this policy and, consequently, this does not really relate to the little farmer who actually needs to improve his income position. I'm thinking of a man with 50,000 layers or, perhaps 150,000; he probably is reaping a very much greater benefit than the fellow with, say, 20 or 40 hogs, or perhaps 20 cows.

Mr. KIRK: This policy is related to the question of cost and the cost factors with regard to the production of the product. It is not a policy that impinges on the question of distinguishing between farmers in terms of size and the distribution of the assistance between the farmers. It does not deal with that and that is all there is to it.

Mr. BEER: Then, if it does not distinguish between the small farmer and the large farmer it probably is placing the small farmer at a distinct disadvantage and the large farmer at a distinct advantage. Is this possible?

Mr. KIRK: Well, you know the world is full of some people who do better than other people, and this immediately gets you into very profound questions of policy, which is a continuing matter for consideration by farm organizations.

I am not going to make judgments on behalf of my organization or personally with regard to the answer to all these questions which, necessarily, I think I would be involved in, in attempting to answer your question as you put it.

Mr. BEER: I have a further question. We probably are envisaging that this agency would have the power to purchase. Our needs amount to something like 85 million to 100 million bushels of grain in eastern Canada, and presumably they would be able to purchase approximately that amount of feed grain. If that was the case, this would require capitalization of something over \$100 million. I presume it would be the recommendation of the federation that government money be made available. Am I correct in this assumption? Who is going to put up the money to pay for it?

Mr. KIRK: Well, grain, of course, is an asset. I did not understand your \$100 million figure.

Mr. BEER: Well, if you are going to buy 85 million bushels of grain and it costs you \$1.25 a bushel it is going to cost \$100 million to buy the 85 million bushels of grain.

Mr. KIRK: Yes. In the first place, it does not follow at all that the agency will buy all that grain because it does not follow that it will purchase all the grain. I hope I have made that quite clear. It is not a recommendation for exclusive powers.

The second point is that you cannot think of this in terms of capital needs. I myself think of the word capital as meaning something different. When someone buys and sells a product, the kind of credit needed to finance that operation is a working capital credit, and the purchase in itself creates the security for that credit to a very considerable extent. You do not necessarily need to acquire \$100 million from the outset.

Mr. BEER: The security could be the basis of the next question.

Suppose prices of grains are increasing, then of course the agency would be in a very strong position and there would be no problem. If prices are