

use. Farmers have working capital and they keep it alive. I do not think any man in business—and farming is business today, not all that small—should be expected to arrive at a cost which does not reflect the value of the money, whether it is his money or borrowed money. If he has been smart enough that it is his money, then he should get the credit for it. If he is young enough and poor enough, as many farmers are, and it is borrowed money, then it must be taken into consideration. When interest as a cost of production is not fully considered in any price stabilization payment, a farmer is shortchanged. He cannot be anything other than shortchanged.

The formula may recommend that you take 90 per cent of the five-year average. That is what you are going to get. But in the potato industry, or any other agriculture crop, whether on the hoof or on the ground, when you look for the five-year average return or cost, you come up with a figure so far below the return you need today because of inflation that it just does not make sense to use the formula. The price stabilization payments being made today are being made on the basis of the advice given to the minister that the five-year average is what we should use.

It is imperative in price stabilization payments that we take a look at the discretionary powers in the act and that we recognize that, if a price stabilization payment is needed, the cost of the year in question is the basis for the arrival at 90 per cent or 95 per cent of their cost. I have never been one who recommended that price stabilization payments should generate a profit. I do recommend, however, that they should approach stop loss, and this is not being accomplished as the present act is being interpreted.

Farmers' operating costs are going up at a rate exceeding the increment in return in many sectors of the fruit and vegetable industry. I wonder what will happen to some of them this year.

With respect to advanced crop payments, I recommend that the minister should forthwith bring in an amendment to the act, if it is not already included in the budget, which would bring the limit from \$15,000 up to \$30,000. Perhaps the \$15,000 was an excellent figure when the bill was introduced, but it is no longer in tune with the realities of the cost of production today. It is better than nothing, but it is not what it should be.

I also recommend to the minister, having reviewed the price stabilization formula and given it careful consideration, that we take a look at the Small Business Development Bond borrowing opportunity for farmers. This instrument of borrowing has been available only as a last resort in too many instances. It has been available only to small business as a last resort. If one bank has turned a business down, then the next bank does not want to accept that business under any circumstances, even though the SBDB is guaranteed by the government. For that reason we have to allow not only the incorporated farmer to approach government and banks for a Small Business Development Bond but also ensure that the unincorporated farmer have the same privilege. This would make a major reduction in the cost of production of many agricultural

Agriculture

products from beef, to fruit to vegetables, to grains, in fact, the whole ball of wax as far as agriculture is concerned.

I think that is imperative if we are to keep the cost of production and the cost of food down in any way. As I pointed out last spring, it would be an instrument which would make Canada much more competitive with many of the cattle feed lots in the United States, for instance. Feed lot operators in the U.S. are able to tap emergency funds that have been in escrow for many years. They are using these funds to obtain interest rates at one half of the rates our feed lot operators are paying today.

I think agriculture in Canada has been neglected by the minister. There should have been some bridge financing. This should have been on an SBDB basis. Surely the agricultural industry should be permitted to borrow from the lenders of this land today as big business can borrow. Surely the farmers are entitled to the same privilege.

Historically, the Farm Credit Corporation has given farmers low rates of interest, but the SBDB does not have any money to lend. It is, therefore, at a point in time where it is no longer useful to the hard-pressed farmer on a second mortgage basis or on a first mortgage basis. It does not make any difference. It is high time this was reconsidered, and reconsidered in a major way.

● (2100)

In conversation with maritime farmers I find that one of their beefs over a decade has been that the feed freight assistance program is not serving its purpose. Freight rates have gone up much faster than feed freight assistance. As a result, the competitive position in the production of poultry and meats in Atlantic Canada has deteriorated. The intention of the plan was that it should be possible to produce eggs, poultry and meats in Atlantic Canada at a competitive price, not with an advantage, with those products that are produced in other parts of Canada. That was its historic intent and I do not think the minister will disagree with that. It has slipped from that position. I plead with the minister to take a look at it.

There is an alternative I have been pleading for ten years in this regard. Let us take advantage of European technology. Let us bring in some of those varieties of grain and use them on a much more extensive basis. Let us increase research programs in eastern Canada. Why does the minister not give to the eastern grain producer one half of the present freight assistance that is extended in respect of western grains? This would encourage the production of grain in the east. Why do we not breed varieties of our own, or introduce foreign varieties which will give us viable yields? Some of those varieties with viable yields have been brought in from Europe by various means with which the minister is familiar, and they have certainly produced viable crops in areas where grain is needed.

In summary I guess I would have to say that the agricultural community needs a stable program under the Department of Agriculture. It needs the historic assurance that if and when a