

He also was elated that the Farm Credit Corporation is lending out more money. In my riding, this would worry me because that is the last resort for a farmer who cannot get money from the bank. It would tell me farmers were in trouble. Instead of going to the bank or mortgage company, they are going to FCC to get their mortgage money.

Also, regarding high interest rates, the hon. minister is quoting \$50 an acre netting out at \$2 to \$3 an acre. In our farming in southwestern Ontario, we are talking about hundreds of dollars an acre. We cannot afford 2 per cent or 3 per cent higher interest rates. They are killing the farmers in my riding. The three questions are these. In the future, will farmers pay GST. Why do you feel that more farmers are borrowing from the Farm Credit Corporation instead of the banks. Last, would he break down the interest rate on farming so that I can understand it because an increase of 3 per cent in my operation would put me under. The average gross for farmers in our riding in Ontario is \$120,000, with a net of \$4,400. How do you live on \$4,400?

Mr. Mayer: In regard to the GST, I said at the end of the day that farmers will not be paying GST on all their inputs that they pay taxes on now. That includes bearings, belts, lumber, hardware, paint, all of those things. They will pay it and they will get a refund. At the end of the day they will not be paying it. I did say there was going to be some exemptions and I think that list is close to being public. You are not eligible now for a refund of manufacturers' sales tax on all the things you buy when you go to a hardware store.

You can smile if you want but a lot of farmers would think that that is not a bad deal. For instances, when you buy a new half-ton truck, you pay the manufacturers' sales tax on it. I do not know what that would amount to but I would expect \$1,500 or \$2,000. If you use that new half-ton truck in your business, or on a farm, you are going to get the GST back.

I said at the end of the day there will not be any GST paid. This means on some items you will pay it up front and you will apply for a refund. For some of the big ticket items you will be exempted at the start.

The second question the hon. member asked was about FCC. I acknowledge that it is not a great item, that it is not something to be elated about. But I guarantee

Supply

that if FCC loans were down, members opposite would be standing up criticizing the fact that FCC is not lending money.

Farmers are making a business decision. If they do not like the interest rate at the FCC, and FCC does not think it is a good business plan they are not going to lend money. But it is a little bit of a positive signal at least that arrears are down for FCC and some of their loans are up. I have the numbers here and can share them with the hon. member after.

The third item he talks about is interest. He is absolutely right. I was referring to \$50 an acre on the prairies which would be an average variable or input cost for putting a crop in. You go to southern Ontario and I suspect the numbers may be closer to \$200 an acre with potatoes and some of those specialty crops. But again if you are talking \$200 an acre, let us say you took off 10 per cent of that, which is \$20 an acre. For half a year it is \$10 an acre. On a crop like potatoes where you may gross \$600 or \$700 an acre, \$10 an acre is no more in terms of a percentage, a factor to you, than \$2 or \$3 an acre is if you are going to gross \$120 or \$130 an acre.

But the point is that because interest rates go up immediately farmers do not pay those increased interest rates on all of the money they borrow. It affects livestock producers when they have to buy every time they turn over their cattle. It affects farmers immediately when they go with a line of credit to put their crop in in the spring. But by and large that is not the majority amount of money that is borrowed by farmers. So there is a delayed effect there.

Mr. John Harvard (Winnipeg St. James): Mr. Speaker, I listened to the minister with great interest and noted that he said that he tried to give a balanced presentation, that he tried to put some of the farm issues in context. I appreciate that effort, although I think that he failed miserably at some stages.

I felt as I listened to the minister that there was a touch of unreality to some of his remarks. When he celebrates—and I choose the word carefully—celebrates the taking out of more loans by farmers, whether it is from FCC or from the banks, it is an absurdity with a touch of unreality. I do not think farmers are ever happy to go to the bank or the FCC to borrow money. I am astonished that the minister would use loan figures and