any other approach to the problems facing farmers, the Government has not considered the issue of commodity prices.

Many people in the country would be willing to pay more for the products they use which they purchase from Canadian farmers, if they could be assured that the extra amount of money would go directly to farmers in order to assist in the survival of the family farm and the agricultural industry as a whole. We have investigated this suggestion. The National Farmers Union conducted a survey in food stores in Ottawa and found that most people buying groceries would be willing to pay more for those groceries if they knew that the extra money would go directly to the farmer.

My colleague, the Hon. Member for Yorkton-Melville (Mr. Nystrom), introduced a parity price Bill which would be a start to this end. What it suggests is that the people of Canada should pay at least the cost of production for products which come off Canadian farms. We recognize that it is impossible to demand prices which are above world prices from Japan, Algeria or Russia. That does not mean to say that we could not require the people of Canada to make some type of contribution to the farms of our country. What we are considering today is what the Budget has done for the farmer in support of agriculture.

The flagship of the agricultural aid program in the Budget is a commodity-based mortgage program. In that regard it is stated in the *Budget Papers*:

> The federal Government has directed the Farm Credit Corporation (FCC) to establish a $700 million loan program to make commodity-based mortgages available to existing FCC clients in need.

That is a very misleading statement. It sounds as if the Government has gone out and found another $700 million to put into agricultural support. That is not the case at all. What the Government will do is to take $700 million worth of loans which are already in place—money which farmers have already borrowed—and rewrite those loans at lower interest rates. That is of real value to those farmers who will receive such assistance. However, it will cost less than is suggested. In fact, it will cost much less than $700 million since it is not new money. It is money which is already in place. Farmers have already borrowed that amount of money. They will now be re-borrowing it at a lower rate of interest, that is, 6 per cent instead of 12⅜ per cent. However, there is a catch in that it is stated "Farm Credit Corporation clients in need".

Representatives of the Farm Credit Corporation tell us that is has approximately 26,500 clients in need who fall into three categories.

The first category is comprised of those farmers who have less than 15 per cent equity in their farms. There are 5,500 farmers in this category alone. They are technically insolvent. The Farm Credit Corporation will not do a thing for those farmers. The policy of the Corporation is not to throw good money after bad. Perhaps it is right in this regard.

The second group of farmers is comprised of those who have from 15 per cent to 40 per cent equity in their farms and who have a debt to asset ratio of approximately 67 per cent. This is the group at which the commodity-based mortgages is aimed. In this group there are 10,000 farmers who are clients of the FCC. Of those 10,000 farmers, approximately 6,000, or maybe even fewer, will receive some assistance. This is so because the FCC is targeting the next highest group which has less than 55 per cent equity.

The third group, which is also considered to be in financial difficulty, is that group composed of farmers who have between 40 per cent and 55 per cent equity. They will not likely receive a particularly large amount of assistance.

Apart from all that, the commodity-based mortgage is turning out to be a bit of a lottery. If a farmer decides he wants to enter this particular mortgage structure, what he will be doing is betting that if he pays 2 per cent more the prices of the commodities he selects will go up. On a $100,000 mortgage, that amounts to $20,000 which may be cut from the farmer's final payment. He is betting that against the fact that if commodity prices go down the FCC will pick up on some of his inability to pay.

I am not downgrading the experiment. I think it is a good idea to look at it and try to see how it will work. What it emphasizes is the fact that the Government is overlooking nine out of ten farmers who are in financial difficulty. There are some 60,000 farmers in Canada who face financial difficulties. This program might help 6,000 of them. In the process it will create an unfairness which will come back on the Farm Credit Corporation and discredit it much more than we would like to see as it is a very good structure.

The National Farmers Union issued a release in which it stated that the Budget's proposal to establish commodity-based mortgages at 6 per cent interest is a most useful proposal but is available only to Farm Credit Corporation clients in need and totally ignores farmers in trouble with other farm lending agencies. The union states that that confirms its suspicion that the Government really has no equitable national policy approach to deal with the most serious farm financial crisis to confront the country in 50 years.

• (1220)

That is a concern of farmers out there who are looking for some help. A very small portion of those farmers in trouble, those who are within a certain category because they are clients of the Farm Credit Corporation, are being given assistance, but those who borrowed money from other financial institutions are being ignored entirely. Although it is a good idea, it does not deal with the entire problem. The total farm debt at the moment is $21 billion. Of that amount, the FCC has about $4 billion out in long-term loans, and it is to rewrite $700 million, a very small portion of the total debt.

The second attempt by the Government to appease the farm crisis is the establishment of a farm debt review panel. On several occasions the Minister of Agriculture (Mr. Wise) said that when the Government deals with the debt crisis faced by farmers, it would provide legislation with teeth. Instead, we are told that the panel will establish whether arrangements between farmers and their creditors are feasible and will aim to facilitate a voluntary arrangement between them. That has