

Supply

slot will be shared by the members for Regina—Qu'Appelle and Nanaimo—Cowichan.

• (1020)

Madam Deputy Speaker: I thank the hon. member and I do understand that the first speaker will be using the full 20 minutes and then the other 20 minutes will be shared. The Chair would appreciate, nevertheless, that the names of the hon. members be given to the Chair in advance. It would make things easier.

The hon. member for Algoma.

Mr. Foster: The Official Opposition will be doing the same thing. I will be leading off for our party and taking the full 20 minute period and after that we will be dividing the time with 10 minute periods from our side.

Madam Deputy Speaker: I thank the hon. member. Debate, the hon. member for Mackenzie.

Mr. Vic Althouse (Mackenzie): Madam Speaker, I think this motion we are putting before the House today may break some new ground in that it is a motion which has activity from all sides of the House, from all parties. The proposal probably originated this summer with a request from the member for Haldimand—Norfolk to the chairman of our agriculture committee, the member for Perth, requesting a meeting on the subject of the farm financial crisis that exists in rural Canada.

Our chairman, who is always forthcoming when it comes to addressing agricultural problems, called a special meeting before the House resumed. We heard from agricultural officials and members of the farm organizational community, and a resolution proposed by the member for Algoma and seconded by the member for Prince Edward—Hastings was put to the group. It was virtually the same as what we have presented to the House this morning. That motion was passed with the unanimous support of all sides of the agriculture committee because of the extreme urgency of the problems that exist right now in rural Canada.

I know that members from across the country will be addressing this problem today and I know that in the 20 minutes which I have it is extremely difficult to outline all of the background of the problem and give an overview for those members of the House and public who perhaps are not as well attuned to the difficulties that have risen in rural Canada. However, I will attempt

to provide the genesis of the problems, what has been going on, and what is being proposed by the agriculture committee, the farm community and the population in general.

This particular income shortfall that is hitting rural Canada at the moment, and in fact farmers in a lot of countries, began with the resources boom in the early seventies when energy prices rose four, five, six, seven times; food, forest, fishery products and minerals tended to follow. As a result of increased prices, a lot of countries that had not been exporting food products became exporters in an attempt to gain some dollars through export trade.

In response to this, many governments in the western world responded with a monetary policy that used high interest rates as a means of restricting inflation and placing controls on their own dollars, or whatever their currency denominations are.

The effect of these two things was that prices went up in most countries because of the increased trade and the increased demand for these basic food products. As a result land prices went up a bit and there was a bidding war for the capital, equipment, machinery and so on that farmers used.

On the other side, the government reaction in many countries was to raise interest rates, which meant that the debt the farmers had incurred to recapitalize was costing them far more than they had budgeted for.

A third, and perhaps most important factor, occurred in the early 1980s when it became obvious to some of the so-called larger powers in the world that this was a power struggle of economic importance and of importance to the way they wanted to view themselves in the world order of things. European policies basically set up a restitution fund to handle the problem of low-priced imports coming into a high-cost market. If wheat hit the border of one of the European Economic Community representatives at \$4 a bushel but was protected at a level of \$8 Canadian, the importer had to contribute to the restitution fund the difference of \$4 for every bushel that was imported.

That fund accumulated reasonably large amounts of money which were then used by the community to dispose of any surpluses that were generated from their domestic production.