

*Summer Recess*

have been made by members of both parties in opposition, Mr. Speaker. They may not be earth-shattering suggestions but they are sensible suggestions on how to hold down interest rates yet the government has chosen not to adopt them.

Recently the Canadian Cattlemen's Association ordered a study from a consulting firm to show what American farmers pay in interest charges. It was found that in many cases they were paying five to six percentage points less for operating capital than farmers in this country. When one considers that a quarter of the cost of one pound of beef is attributable to interest charges, it would seem to me that in order to bring down food costs the government should be willing to consider some of our suggestions, yet it has chosen not to do so.

In the United States there are production credit associations which have been in existence for a long time. There is also what is called bankers' acceptance finance and local banks. The Americans have a unit system of banking whereas we have a branch banking system. Their small banks operate as individual banks and that is what is meant by local banks. They also have federal land banks. The Americans make use of all these things. We do not necessarily want to copy them, but it would seem to me that we should consider the vehicles that they find work for them, but the government has not even done this. This would not only help the producer but also the consumer.

Today, figures show that inflation is very close to 13 per cent. A major factor in that is food. I do not understand why we should want to close Parliament down when there are things that could be done to help the producer and the consumer.

I have some additional figures that pertain to the cattle industry, Mr. Speaker. When a producer sells an animal, about 30 per cent of the money received is attributable to interest costs. That is a very large factor and in most cases is larger than the winter feed bill for the animal. The value of the average cow, which is the basic production unit in the beef business, is \$600. At today's interest rates, the cost of carrying that cow for a year is \$120. In some areas of western Canada that \$120 would represent more than the cost of producing feed for the animal for all winter. That gives us an idea of the magnitude of the interest charges in the beef industry.

In many cases, because interest charges are high and unpredictable, producers are choosing not to produce at all, and that means increased prices about a year and half from now because of reduced production.

I have dealt with farming because I am familiar with it and because I am sure that many small businesses, hardware stores, grocery stores, machinery businesses, small contractors and clothing stores, all have the same problems and could attribute roughly the same percentage of their costs to interest charges. If some of our suggestions would work for the agricultural industry, I do not see why they would not be useful tools for other sectors of the economy as well.

● (2020)

We have made suggestions in this session of Parliament that the finance committee look at the whole question of interest rates. On the first day of Parliament under the Clark government a motion was accepted under the provisions of Standing Order 43 to refer the whole subject of interest rates as a special topic to the finance committee. At that time interest rates were between 13 per cent and 14 per cent. But this government is not willing to do that.

As far as interest rates are concerned, there are many things we should be considering. In my view, money should no longer be considered only a medium of exchange. If we are basing our monetary policy and some of the government's fiscal policy on that kind of a concept, it is, in many cases, outdated. Money now has to be considered as an input and we have to look at the problems we cause as far as total costs are concerned when we raise the cost of that input. The cost associated with money when it is considered as input is interest. Simply to base our monetary policy on old concepts which need rethinking and to consider that money is simply a medium of exchange misses the boat in terms of the effectiveness of some of the policies that we have designed to deal with the interest rate problem.

Another way to judge the performance of a government is by way of a report card, which the hon. member for Vegreville (Mr. Mazankowski) mentioned. I will now quote briefly from the Speech from the Throne where it touches on agriculture. Under the heading "Developing our Economic Potential", the third paragraph on that page reads:

Food and agriculture are going to be increasingly important to the Canadian economy in the 1980s.

I agree with that statement completely. The paragraph continues:

To further strengthen the industry, my Government plans to create a Canadian Agricultural Export Corporation to expand markets for Canadian producers.

We have not even seen the Canadian Agricultural Export Corporation, called Canagrex, even referred to the agricultural committee, which is one of the least partisan committees in this House. This proposal could have received second reading, and I am sure if the committee had sat during the period January to April we could have examined some of the ideas the government had with respect to the establishing of Canagrex.

The paragraph continues:

A Meat Import Act will be introduced to protect both consumers and producers.

We have not seen the meat import bill come to third reading. I am sure the government will not give much priority to Bill C-46 when we come back in the fall. If that is so, then we are in danger of losing that bill. If that happens as I said previously, we will have to go through the whole procedure again. That would be a shame and it would send a signal to the beef industry in this country, which is a very important industry, that the government does not care about Canadian beef producers.