

Farm Loans Interest Rebate Act

● (1620)

As a Minister, I took the occasion to oppose that proposal. I was backed up by one of the other Ministers even before it got to Cabinet. A great uproar took place in the House and other places about the position I had taken. I believe there was only one person in the whole Conservative caucus of 250 in those days, Senators and Members together, who supported me. Yet a few years later, almost all the farmers who had asked for it supported that position. In the answer I gave to them as Minister of Agriculture, I said that I did not like subsidies for farmers when there was a hungry world abroad. However, I would go out and help to sell their bread and the price would come up by market forces. If I said 50 cents, and it came up 60 cents. So the income rose in a very short period by about three times. The farmers were glad that they had not taken a handout. They were glad that someone had stood up, had expressed their view and then done something about it.

The Minister is in the same position today. He must know, the same as I know, that the great majority of farmers would like to do it on their own, yet he comes along with another handout. It would only affect a few hundred farmers when more than that could use help. However, it misses the philosophy of the Farm Credit Corporation Act. The Act was designed to help all farmers, rich and poor. As long as they had an idea as to how they could expand and make more money, it was to the advantage of the Government to give them money at a reasonable rate, because who would collect all the revenue from all the money generated from that activity? The federal Government would be a big gainer.

We put a guarantee into the original Farm Credit Corporation Act that interest rates would never rise above 5 per cent. We honoured that guarantee for about six or seven years, but then the Department of Finance stepped in and changed it and we got a rate slightly below prime rate. When the interest rates rose, not only were farmers destroyed, but all segments of the economy were destroyed at the same time. I think that if the Minister were to take advantage of the fact that the great majority of farmers do not want handouts or policies that push one section of farmers down at the expense of lifting up another group, there would be a tremendous amount of enthusiasm among farmers to go out and take their chances on borrowed money to expand their operations and get involved in all the ways they know to make more money.

I thought the Minister of Energy, Mines and Resources (Mr. Chrétien) was in the House, but I see that he has left. I suggest that one of the techniques by which farmers could make more money would be to cut their costs. One of the big costs is energy. It was hardly noticed in the House, but under the Crosbie budget of 1979, for the first time in 60 years it became legal to have a still for making alcohol. There is hardly a farm in Canada which does not have enough waste to produce alcohol sufficient not only to run the farm but also to sell surplus to the city fellow who does not have access to a still or the waste to make the alcohol. This would cut costs tremendously. A large enterprise cannot compete with the farmer who is producing alcohol, and the reason is simple. The farmer

takes his waste straw, or any other waste material, and uses it as his heat source. Not only does he distil the waste material, such as grain or vegetables, into alcohol, but he passes the heat into his house to heat it and then takes the great bulk of the stuff left over, the mash, which is worth \$150 to \$200 a tonne, and produces alcohol for 25 cents a gallon. Big business can only produce it for about \$2 a gallon. There is a limited commercial market for alcohol, but it is big enough to take a great percentage of waste off the farm, which not only gives the farmer lower costs, but also gives him more income out of his waste. At the same time as a farmer does this, he takes the pressure off the oil industry to provide all the oil we need.

This proposal was brought in under the Crosbie budget and again under the succeeding budget, but so many restrictions were placed around it that no person went into it. This idea of producing alcohol out of waste was not only a Conservative idea. A farmer in western Ontario did exactly what I have just described. He used his waste material to make alcohol, took the heat that was still useful and heated his house and took the mash and sold it to the livestock industry. He was the man who quoted the figure of 25 cents for a gallon of alcohol.

This man was so enthused over his idea that he told his neighbours about it. The Mounted Police moved in, arrested him and charged him with having a still. He came before the judge, who had read the newspapers and had discovered that it would be legal under the Crosbie budget to have a still. He told the farmer, "I will not send you to jail for having broken the law. You are a free man and I will not put a man in prison for a law which will be changed". This man became even more excited. He ran as the Liberal candidate in the provincial election and almost beat a Tory in Ontario. He became so excited that he ran for the Liberal leadership and became the outstanding spokesman for the Liberal convention in Ontario. He found it was possible to become a leader with ideas. He was well applauded, I am sure, but the Liberals must come a long way before they start applauding a man for his ideas. They only look to see his potential on television and his potential for handling patronage. That is a grim judgment. That man still lives and he can bear out all the things I have said about him.

I think the Minister of Agriculture, as part of his policy of helping farmers under the Farm Credit Act, should persuade the new Minister of Finance, who has been slightly exposed to the need for energy in this country, to put this Crosbie clause back again and improve on it. It would not cause any great loss of face to the Government. It has requested ideas. We have tried to give it ideas, but the Government must learn to accept them. Just because ideas come from this side does not necessarily mean that they are bad. I know this is only a small thing in the great total of needs for energy in this country, but let us go on from that. We now have sufficient technical and economic information to know that in the future farmers will produce the bulk of all energy requirements in Canada. We can now produce energy in the form of natural gas and in the form of oil which is clear of sulphur and other pollutants, and