

Agriculture

quite double. Moving further ahead to 1976, that figure jumped to 6.7 per cent and in 1980 it went to 10.2 per cent. This year it is estimated it will be 11.3 per cent, almost quadrupled from 1956. This graphic example provides solid evidence why interest rates are having such a devastating effect on the farming community.

Turning now to farm indebtedness as a proportion of operating expenses, the figure rises from 4.3 per cent in 1956 to an estimated 14.1 per cent this year. This percentage of their operating costs has also quadrupled. I am sure many other industries, including small businesses, are in a situation similar to that of the agricultural industry.

The last three years have been especially devastating. Farm costs have risen dramatically faster than income. For the year just completed, as far as farm statistics are concerned, operating costs have risen 15 per cent. This certainly is higher than the inflation rate and is higher than the increase in income. The increase in income, taken as a total, was only 9 per cent. Some sectors in the farm economy, particularly in the meat industry, such as pork and beef, have had a decrease in income. As a whole, incomes rose 9 per cent last year whereas costs rose 15 per cent. That should be of concern to us all.

The lack of ability to increase productivity affects the standard of living of all Canadians and our balance of payments. For example, the cattle industry—and my hon. friend from Medicine Hat (Mr. Hargrave), a well-respected spokesman for the industry, will elaborate on this later—is particularly affected by interest rates. Looking at interest costs as a factor which the consumer has to contend with, the average price of meat to a consumer over the counter is \$2.80 a pound. Of that \$2.80, 60 cents is attributable to interest charges. That 60-cent figure is a result of the producer owning the animal only. It does not take into account the cost of land or the cost of machinery. That is simply the cost of owning a cow for a year and owning the feeder for a period of time suitable to get that feeder to market weight. If we add the cost of land, machinery, depreciation and some other costs associated with buying feed and caring for the animal before it is sold, I suggest that cost would probably be twice as much as 60 cents a pound.

When the consumer today buys a pound of beef at the average price of \$2.80 per pound, I suggest that \$1.20 per pound is attributable directly to interest costs. Not only does that figure affect consumers now in terms of the amount of meat they are able to buy, it will affect them in the future because the cattle farmers have to risk borrowing money for a period of six months or a year, the period of time necessary to produce a beef animal for sale. The interest cost can become very high.

Ontario is in as much difficulty in some ways as any other province in the country as far as beef production is concerned because this is where a large percentage of the feeding industry is located. Ontario is a highly productive province in terms of producing feed but it imports a lot of feeder cattle from western Canada. We are glad to have that market. What has happened over the past year, and I am sure the minister is well

aware of it, is that rather than these cattle producers risking the cost of producing beef, they are simply cutting back on production. The result is that the consumer is not only paying \$1.20 in indirect interests costs but there will be less beef available.

Producers are going out of business for no other reason than that they simply cannot meet increased interest costs. This should be of concern to the government because of its past policy of maintaining a cheap food policy for this country.

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Let me talk for a moment about the 60 cents a pound which is the direct cost. The only cost that is used in that 60 cents a pound is the cost of simply owning the animal for the period of time it takes to get it to market. That figure for 1978 was 28 cents a pound, so in two years we have seen more than a doubling of interest costs associated with owning an animal for the period of time it takes to get it to market. That is a direct result of this government's high interest rate policy.

The minister talks about some of the things which need to be done for Canadian agriculture. It would be very interesting to see him use some of those figures to show how they have affected the consumer in this country and why we have some of the increased costs associated with agriculture and food. If the minister were honest and straightforward about it, he would have to admit that they are the result of his government's supporting the high interest rate policy of the Bank of Canada. It has been mentioned to me many times that some of the producers in this country would almost sooner see Al Capone at the head of the Bank of Canada. They think producers probably had an easier time, as far as interest rates are concerned, in the thirties than under the present governor, and this government is supporting that kind of policy. If we were to bring back Al Capone, we might be in better shape as far as interest rates are concerned.

That makes the point as to why many of us in agriculture and in small business think it is a complete fallacy to try to fight inflation simply by using high interest rates. As I pointed out, high interest rates affect the consumer not only directly in the interest cost he pays to the marketplace, but they also affect him down the road because there will be less production as a result of producers choosing not to produce food.

To talk about bankruptcies for a minute, we have heard much in the past number of months about farm bankruptcies. I can give figures on farm bankruptcies; I think we all can. They are up 147 per cent over 1979. They were up 25 per cent in the third last quarter. The point has been made many times before—and it needs to be made again—that bankruptcy is only part of the picture. It is only the tip of the iceberg. This is to say nothing about people who choose to cut back on production. It is to say nothing about people who choose not to get into business. It is to say nothing about the small farmer who would like to expand and get away from working part time at a job off the farm and become a farmer full time. It is to say nothing of the terrible consequences for a young farmer who is starting up. I have had many conversations with young