Farm Income

hon. member for Elgin (Mr. Wise), I cannot help but think Canadian farmers are looking very closely at what we say about their declining incomes. After having heard what the Minister of Agriculture (Mr. Whelan) said today, I feel somewhat inadequate. When it comes to bragging, I do not hold a candle to that minister. Sometimes I think perhaps he has missed his calling and should be travelling the world in order to inform them of how great things are in the Canadian farming industry. He is excellent at telling our farmers that they have never had it so good, but he forgot to deal with the motion entirely. He forgot to explain how he intends to deal with farm incomes which have dropped approximately 40 per cent in the last two years.

No one on this side of the House is saying that we are not proud of our farmers. No one is indicating that they are not efficient, nor among the best in the world. We agree with the Minister of Agriculture when he indicates that.

Mr. Oberle: They have to be good to withstand this mess.

Mr. Schellenberger: As my hon. colleague has so ably stated, they must be excellent farmers in order to continue to produce under the conditions they have faced over the last number of years. One must consider inflation, the cost of inputs and the lack of policy. As the hon. member for Elgin indicated, no bills have been put before the House dealing with the problem of net farm incomes. Farmers who are facing the 1978 crop season are doing so wondering just where their incomes will go this year.

Comparisons were brought out today concerning farm cash receipts. They show that receipts for January 1978 over 1977 are down .9 per cent. This is the most recent figure. Net farm income in Canada dropped 11 per cent from 1976 to 1977. Agriculture Canada forecasts for 1978 indicate a further decline of 6.1 per cent. All the bragging about the greatness of this industry will not help farmers balance their books at the end of 1978.

The problem of decreasing farm incomes has not been dealt with. Any farmer can attest to this when he commences his operations this spring. Almost all farm input costs are up. Seed, labour rates, chemicals, fertilizer, the entire gamut, have risen in cost.

I should like to put on the record certain statistics. The gross income for 1976 over 1975 is $33,000 compared to $31,000. Net farm incomes dropped from $12,900 to $11,933 for 1976 over 1975. From 1972 to 1977, the costs have risen 9 per cent over a decrease in income of 1 per cent.

I should like to refer to some individual statistics to indicate what is happening to farmer input costs in Canada today. His total input costs in 1977 over 1976— and this is based on 1961 equalling 100 per cent—went from 232.2 per cent in 1976 to 247.2 per cent in 1977. Mixed fertilizers are up three points, and straight fertilizers are up 3.4 per cent. Land and farm buildings have increased from 285 per cent in 1976 to 297 per cent in 1977. Farm machinery and motor vehicles have increased from 195 per cent in 1976 to 210 per cent in 1977. The same is true with regard to feed, electricity, farm labour and petro-chemical products. All have risen in cost from 1976 to 1977. One could go back to 1961 to show the ever-increasing cost on a percentage basis.

[Mr. Schellenberger.]

In many cases farmers have had to increase the debt loads they are carrying. If one looks at the total estimated farm credit in millions of dollars over the last number of years, and puts it on a per farm basis, the trend is shown. Perhaps this is not indicative of what has happened, because only farms consisting of more that 50 acres have been included. In 1974 the total credit on all farms was $6,904 million. In 1975 it increased to $8,170 million. In 1976 it went up to $9,536 million. I am sure the 1977 statistics would show a similar increase if they were available.

I should like to refer to average interest rates. Since farmers are required to borrow more money, interest rates have increased as well. In 1974 the average interest rate was 8.8 per cent for borrowed capital. In 1975 it increased to 9.2 per cent. In 1976 it increased to 9.6 per cent. That is another input cost a farmer has to pay in order to continue to meet his balance of payments, or deficit as we like to talk about it in this country. On a per farm basis again, the credit that each farmer on the average has to pay in his operation in 1976 was up from $20,938 in 1975 to $25,158, an increase on the average farm of almost $5,000. These statistics show every individual case over the last five years, and we could go beyond that if we wanted to use these statistics. They show that farm input costs have increased at a very rapid rate.

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The minister referred to farm machinery. The cost of a self-propelled combine jumped 89.7 per cent in the years 1973 to 1977. Let us compare the increase in the cost of a tractor with the increase in the cost of an automobile during the same period of time. If the individual consumer had to pay the same percentage increase for his automobile, he would scream to high heaven. During that same period of time the cost of an automobile increased by 24 per cent, yet the cost of a tractor went up by 64 per cent, and for a combine the increase was 89 per cent. It is no wonder farmers are asking why they are consistently having to pay more through input costs than other members of society.

Consumers are always talking about constant dollars based on 1961 statistics. I thought it might be of interest if we did the same in respect of farm commodities. Using the 1961 index base as 100, the cost in relation to a bushel of barley was 217 per cent higher in 1975. If we take the price of a bushel of barley in 1971 as being 75 per cent and work that back to 1930, that bushel of barley would have been worth $1.32. The same bushel of barley based on 1961 dollars would be worth $1.02 in 1975. To produce that bushel of barley in 1930, on the 1961 index of 100 it would cost 41.7 cents. To produce it in 1975 would cost $2.17. This shows that a farmer producing a bushel of barley today has a cost five times greater than in 1930 but is getting less for the same bushel of barley. It costs twice as much as it did in 1961 to produce, but the farmer is getting only 20 cents more per bushel than in 1961.