

Committee Reports

they will be for the foreseeable future and particularly for the crop year commencing August 1, the domestic wheat price should be fixed at or near the top of the range so as to provide some measure of assistance to Canadian grain farmers who face unreasonable foreign subsidization.

While the negative impact on prices of wheat-based products was observed by the committee, the advantages to an increase in the domestic wheat price far outweigh any down side. The two-price wheat system is well known, is established and has worked reasonably well in the past. Second, it produces a transfer of funds to the wheat producer at the lowest possible administrative cost. Third, and very important, it provides flexibility to respond within a stated range to changes in world price conditions. The domestic wheat price can move up and down in inverse relationship to the world price. Fourth, as I mentioned earlier, the announcement made by the Prime Minister gives some hope to producers that the Government is cognizant of the problems they face and that within the limitations inherent in the two-price wheat system, some adjustments can be made.

The third alternative facing the committee was to consider replacing the two-price wheat policy. The committee listened to many points of view and heard some suggestions that the Government should fund the entire program. Some suggested that the Government should get rid of the two-price system altogether leaving us with just one price, the world price. The committee heard suggestions that the Government should consider some sort of levy or tariff at the point of sale, and indeed, at first blush, the suggestion of a tariff or levy on agricultural-based products at or near the point of retail sale does have some appeal. Such a system could theoretically minimize the impact of a wheat price increase being built on over and over again in the food-chain between the farm gate and the supermarket shelf.

How nice it would be if it were possible to capture a levy at a point of sale and return it intact to the farm sector. Unfortunately, as has been pointed out earlier in debate, there are a number of pitfalls which attach to the food levy concept. First and most compelling is the notion that this would be construed as a food tax. I think that notion has been found to be distasteful to the majority of Canadians. Second, and this is an important factor as well, the administrative mechanism required to put forward such a program promises to be extremely expensive. We were advised informally that such a mechanism might cost something in the order of \$100 million to establish and run. Clearly Canada does not need another bureaucracy which could so dissipate the benefits of any such levy or tariff.

At present, there is certainly no mechanism in place nor any intention to impose a system whereby a tariff or levy could be imposed on the sale of agricultural-based products at or near retail sale. Such a mechanism would require a considerable lead time to establish and certainly would not be available to respond to the problems of today even if the philosophy or principle behind it found favour with the committee and the

House. The symbolism involved in a levy on food is, I think, such that it would certainly require all-Party consent before such a levy would be put forward. Clearly I think there is no suggestion of that and indeed no enthusiasm from any source concerning it.

We have been considering all of the alternatives and emphasizing the one constant theme that we heard throughout the hearings, which is the inadequate return to wheat producers. This theme was repeated time and time again, not only by farmers and farm groups but also by consumers, processors and other wheat users. It became obvious that the committee must find a way to lend assistance to this sector of Canadian agriculture. The subsidization of the Common Agricultural Policy of the European Economic Community is now being met head-on by the Americans who are determined to retain their traditional market shares. In fact, the Americans are entering into markets which had been traditionally Canadian. It is essential that all means of enhancing and improving returns to wheat producers be retained. Therefore, the committee made a series of recommendations.

The first recommendation was that the current two-price wheat policy be retained. The second was that the domestic wheat price be increased to \$10 per bushel. This, incidentally, should manifest itself, if adopted, in an increase of approximately 25 cents per bushel across the Canadian Wheat Board area and something in excess of that in the Ontario area. It was also suggested that if this is implemented, it should certainly be reviewed and monitored from time to time. This is important because it should be understood that this recommendation is of an interim nature. If Canadian grain farmers were receiving \$6 per bushel today, there would be no need for a domestic wheat price increase or for a domestic wheat policy because all involved in the process would be most pleased.

The fourth recommendation, and the important one put forward by the committee, was that the Government give consideration to a deficiency or stabilization payment for the forthcoming crop year. In dealing with this recommendation, it is important to note that some farmers may be beyond help. Rightly or wrongly, some farmers bought assets at the wrong time and may have outbid others for land and cannot now expect the prudent ones to save them.

This recommendation is not a cure-all and it is certainly not a panacea. The Government cannot and indeed ought not try to devise schemes to prevent all farm failures. Some farmers will fail as will some small business people and some professionals. The Government is not in a position to guarantee everyone's success or to put forward a freedom from failure policy.

Considering the compelling situation facing Canadian agriculture, I believe that the Government must make a reasoned and measured response in the face of these difficult world conditions to assist Canadian agriculture to survive over the next several years and to give efficient young operators a fighting chance to succeed in the future.