

Third, the western grain farmer faces constantly high input costs for seed, fertilizer and machinery which he, unlike most people, cannot pass on to his customers.

Finally, the western grain farmer depends on the grain companies, the railways, the dock workers, and the Wheat Board to market and move his product, and problems at any stage of that process can seriously affect his income. He lives dangerously and that is recognized even if he is not the only one; we all live dangerously, but some live more dangerously than others.

**Mr. Gustafson:** Something like the Liberal Government.

**Mr. Pepin:** My hon. friend is not in a kind mood today, Mr. Speaker. I have presented the House with some extremely favourable Bills the last two Fridays. My friend should at least be complimentary, gentle and sweet when he gets Bills of this kind, and he should reserve his bilious nature for other circumstances. Be that as it may, the farmers need all the help they can reasonably get. The protection offered by the Western Grain Stabilization Act is very significant to them and on that I am sure we all agree.

● (1220)

The net cash flow concept of stabilization, the concept to which I have already referred, stabilizes the difference between over-all cash receipts from the sale of western grain and over-all related costs of producing it. It was developed in the early 1970s in recognition that prairie grain producers, because of their dependence upon the export market, were subject to very volatile prices and volume changes as well as to cost increases in their production inputs. That concept was considered a major advance from previously proposed programs which would have provided only price support, as is the case in other agricultural stabilization programs. I look at some of my friends on the other side because I know they understand all that extremely well, as well as I do, which is very, very well.

**Some Hon. Members:** Oh, oh!

**Mr. Pepin:** It is true. I understand these things very, very well. I paid the price to learn because I was, as everyone knows, the Minister of Industry, Trade and Commerce responsible for the Wheat Board in the late 1960s.

**An Hon. Member:** You forgot it when you were Minister of Transport.

**Mr. Pepin:** And I got it double-barrelled when I was Minister of Transport.

**An Hon. Member:** And then they fired you.

**Mr. Pepin:** Then they sent me to greener pastures.

**Some Hon. Members:** Oh, oh!

**Mr. Pepin:** We do that to the best horses!

### *Western Grain Stabilization Act*

In the early 1970s, export volumes had fallen off from the levels reached in the mid-1960s and farmers were faced with large grain stocks. Because of the difficulty in sales, price support alone would not have helped producers at that time. They could not obtain their price on goods which had not been sold. This was the situation in those dreadful years which I remember so well. Price support only helps if they can sell their product. It does not help when sales are weak. The Hon. Otto Lang, a distinguished gentleman if I know one—

**Some Hon. Members:** Oh, oh!

**Mr. Pepin:**—recognized this problem and was determined to find a way to help producers through the bad times and try to reduce the historic boom-bust cycle of prairie farmers' incomes.

The existing Western Grain Stabilization Program, after extensive debate and consultation, came into effect on April 1, 1976. The other day when I said that the advance payment came into effect on a certain date, the Official Opposition, also called the Royal Opposition by the Hon. Member for Sherbrooke (Mr. Pelletier), was keen to remind me that this had been done during the Diefenbaker years. I am just "tit-for-tatting" when I say that this was done under a Liberal regime by my friend, Mr. Otto Lang.

The original Bill came into effect on April 1, 1976. I repeat that the principal objective of the program was to protect grain producers in the so-called Canadian Wheat Board area against unexpected declines in net returns due to short-term price fluctuations, reduced marketings and increased production costs. These are the three factors most often at work in these changes.

I should like to remind the House, because it could be useful for later reference, about the main features of the existing program. The amendments will be clear if the public—that crowd up there and down here—knows what the Bill is at this moment. Obviously the amendments are to the present Bill, and I will refer to its main features.

First, the program covers seven major grains and oilseeds grown in the Canadian Wheat Board area, the seven being wheat, barley, oats, rye, flaxseed, canola and mustard seed.

Second, the program runs on the calendar year—from January 1 to December 31. That is the way it runs now; we will see in a moment how that will be changed.

Third, stabilization payments are made to farmers for any calendar year in which the total cash flow—the basic concept—of all grain producers in the Wheat Board area is less than the average cash flow in the previous five years. That is the basis of it all at this point. It is a global concept. We will make a change to that, as the House will see in a moment.

Fourth, participation is voluntary for producers. They may opt out of the program during the first three years after opting in. For the first three years, if producers do not like it, they can get out. If a producer has not opted out during those three years, however, he remains a full participant permanently.

**Mr. Malone:** They will not.