This is certainly not the time to be imposing an additional burden upon the backs of the farmers of western Canada. What really bothers many of us in this Party, Mr. Speaker, is that the projections and the basis upon which this Bill was formulated, and the formulae for the freight rate upon which the Minister and his bureaucrats based their figures, were based on a study by Agriculture Canada which suggested that wheat prices by 1990 would reach a level of $12 a bushel. They were even out on their first projection for 1982-83 where they said wheat was going to be worth $6 a bushel. It is only worth now about $4.50.

An Hon. Member: They projected $70 a barrel for oil.

Mr. Mazankowski: They projected $70 a barrel for oil as well, as my colleague said. It is nonsense to base a freight rate structure on the contention that wheat is going to rise to $12 a bushel by 1990. That is absolutely ludicrous and insane. The same thing applies to barley. They are suggesting that barley would be $8 a bushel by 1990-91. They start out from the inaccurate premise that it is now $4 a bushel, when it is just over $2 a bushel. They project the same thing with hogs. It is a very glowing and optimistic document. They are saying that the prices of hogs will go up two and a half times and the price of beef will double by 1990. The facts simply do not bear that out, Mr. Speaker.

So I repeat, this is not the time to be imposing a further burden upon the backs of the farmers of Canada. We in our Party maintain that the producers of Canada must have a fair régime which will recognize the fact that the Government of Canada and the railways of Canada have a continuing obligation to provide a special low rate for the movement of grain to export and domestic positions. That is one of the basic tenets within which we examine the present piece of legislation with which we are dealing.

• (1210)

We say that the railways and the Government of Canada have a continuing obligation to provide a special low rate for a number of reasons. First, Canada is a price taker. The prices for grain are established in the international marketplace. In order for Canada to capture those markets it must be competitive.

We know that all competing countries subsidize their producers in one form or another. For example, under the Victoria state railway system in Australia farmers pay less than 50 per cent of the average cost of freighting grain. In 1982 Australia also reduced the diesel fuel tax and gasoline tax for all agricultural production by six cents a litre.

In Argentina, since October 7, 1981 the national grain board provided free rail freight for grain from the nearest station available to the shipping port.

We know what the European Economic Community does. Their common agricultural policy subsidizes the producers of agricultural products to the tune of approximately $15 billion to $16 billion. That is a lot of money which is paid for by the taxpayers.

With respect to wheat, the wheat farmers in the European Economic Community receive a direct subsidy of $2.53 a bushel, according to the January, 1983 edition of *The Wall Street Journal*.

One can see what is happening in the United States when one reads the study by the grain market economist of the University of Manitoba, Mr. Colin A. Carter. He indicated that while Canada provides an average subsidy to its wheat producers of $16.05 per tonne, the U.S. Government pays an average subsidy of $13.81 per tonne. That is for wheat. With respect to barley, he say that the Canadian Government's support for barley averaged $7.56 per tonne compared to the United States $6.84 per tonne. That is in Canadian dollars.

In addition to that we now have the PIK Program which will provide approximately $11.4 billion in further support from the United States treasury to the farmers of the United States.

It is clear that we have that reality and fact of life which must be recognized in the total context. We must also recognize that the grain producing region of Canada is a landlocked part of the country. That region is an average of 2,000 kilometres from export positions. The distance in the United States is 1,100 kilometres; in Argentina it is 200 kilometres; in Australia it is 300 kilometres; and in France it is 300 kilometres.

These are realities which must be taken into consideration while bearing in mind that agriculture, particularly grain, is a very important component of the Canadian economy. It accounts for some $6 billion worth of exports and we know that for every dollar of activity generated in agriculture, it multiplies and generates $7 worth of additional economic activity throughout the country. It is in that context that we maintain that the railways and the Government of Canada have a continuing obligation to provide a special low rate for the movement of grain.

We acknowledge that the railways should receive fair—I repeat, fair—compensation for the movement of grain so that it can be done effectively and provide the necessary capital and means for maintaining plant and equipment. We must also say that it is our belief that the $651 million is overly generous. Even Mr. Snavely has conceded the fact that it is overly generous. We believe that for the railroads to receive 100 per cent of their long run variable costs, 20 per cent contributions to overhead and 20.5 per cent contributions to capital plus a freight rate that will be equal to ten times the current Crow rate by 1990-1991, they are in fact being relieved of any continuing historical and statutory obligation. We do not believe that should be the case.

While the Minister of Transport may say that $651 million is a lot of money, which it is, I would tell him, in case he does not know, that some $300 million-plus is generated through the agricultural community from the federal taxes that are imposed upon fuel and fertilizer that farmers use. That is another reason why the farmers are in trouble today; the heavy input costs they face largely as a result of the National Energy Program and the confiscatory taxes that are imposed upon fuels that the farmers use. There is no question about that.