

Two-Price Wheat Act

● (1500)

I understand that there is disposition among wheat producers who were at that meeting and our members of Parliament to get together in the next month and a half, and as members of a House of Commons discuss whether there is a possibility of coming to some agreement. We could then take it to our ministers and they could take it to their administration in the United States.

For many years over the past decade we have been selling grains in the international market below the cost of production to farmers. Farmers have been living on such things as depreciation, good research that our agricultural research stations are capable of putting out, and tremendous economies within their own farms and businesses. But this cannot go on forever. Farms are growing larger and costs of production are rising very rapidly in western Canada. It is becoming more and more difficult for farms of any size to continue to sell their products below the cost of production.

When I looked at my fertilizer bill this year, I was astonished at the increase in price. Because of the difference in the Canadian and American dollar, the standard inflation costs of employment in the manufacturing plants, it is becoming virtually impossible for small farmers now to re-equip themselves to go on into the 1980s and 1990s with the present price of grain. New equipment is expensive.

About three years ago I did a study. I compared the price of grain with the price of grain in the 1930s and 1940s. If one bases the dollar at the 1965 level, we find that farmers are really getting less for their wheat and barley today by quite a bit than they were at that time based on costs of production. The only way they have been able to survive is because tens of thousands have been driven off the land. Farms have become larger, more efficient, and farmers have used the basis of chemicals and fertilizers to increase production per acre in order to stay alive. I am not sure how much longer that situation can go on. If we continue on with our present policies we will continue to drive more farmers off their lands. Eventually we will have very large integrated units producing the food for this nation. I can assure the minister that the price will go up then because farmers will not continue to produce below the cost of production, as many of them have done in the past.

It is imperative for us to attempt again to negotiate with the U.S. first. Hopefully we can then later on bring into the discussions Argentina and Australia to attempt to establish a price below which no country would sell. That price would be based on costs of production.

No farmer is asking that we use this as a cartel to rip off other nations. All we are saying is that we want a fair price for our labour and for the costs of producing food in this nation. What this bill is doing, and has been doing for a long time, is subsidizing the consumer in Canada for cheap red wheat. We should draw our attention to other markets as well.

Mr. Pepin: It does both. It protects both the producer and the consumer.

Mr. Schellenberger: If we cannot work out this kind of an agreement with other countries, then surely we have an obligation in this country to set a price two or three months before the crop year, based on the cost of production that would, in effect, allow our producers to make the proper decisions about the crops they should grow. We are capable of doing this. We have found this year that the wheat board is running out of barley to meet its obligations under the contracts it has sold because the right signals were not given to our farmers a year or two ago. In fact, we gave them wrong signals. We put a quota on the off board grain which scared farmers away from producing feed grains.

Now we are having great difficulty based on the price that the wheat board sold that grain, and based on those quotas that were established, in getting feed barley into the wheat board elevators in order that it can meet its contracts. The minister in charge of the wheat board should seriously look for an arrangement, and if it is not possible to look at the international market, to look, as they have done in the United States, at setting a minimum price before a farmer makes his decision to seed his crop. Then the wheat board can give indications to farmers about what crop it believes it can sell in the international market. If the price is established at a reasonable level, then the farmer will make his decision based on that price to grow a certain amount of those grains so that the wheat board can meet its obligations. Then we will not have, as we have now, farmers caught with quotas that are open—and grain, such as utility wheats and rapeseeds in their bins—and no barley to deliver based on that open quota.

Those are a few of the remarks I wanted to make on Bill S-6, the Two-Price Wheat Act. I hope the minister will take into consideration our two concerns with the bill, that of inflexibility in the upper limit, and the fact that in repealing this act we are, in effect, doing away with the subsidy to farmers for one year, and as a consequence farmers will be subsidizing consumers for that year.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it has been the government's policy throughout the 1970s that a minimum price be maintained to producers of wheat for domestic human consumption at a reasonable level. This minimum price has been raised periodically as average market prices and costs of production increased. The price charged to domestic millers in 1969 was fixed at \$1.95 and one-half cent per bushel which was raised to \$3 per bushel in 1972. On September 12, 1973, it was again increased to \$3.25 per bushel. During 1977 to 1978 the government made supplementary payments to producers to support domestic producer returns at \$3.55 a bushel. In the fall of 1978 the minimum price was set at the current level of \$4 per bushel.

In 1973 the government combined the fixed price for producers with a consumer subsidy payable to producers when export wheat prices were above \$3.25 a bushel. Authority for the payments under this program was provided by the Two-Price Wheat Act. A maximum subsidy of \$1.75 per bushel was