

in this age of urbanization, in this age of convenience food, the close relationship between agriculture and food is easily forgotten. It has been said that Canada has the most efficient agricultural industry of any country in the world. I believe this is true. Therefore, while we must remind ourselves of the importance of the agricultural industry and the production of food, it is also very important to understand that there is a limit to the level of efficiency the agricultural industry can reach.

We are dealing now in this bill particularly with the production of grain. But, in order to have an idea of the handicap which the producers of grain in Canada have, we might compare the income received for, shall we say, a bushel of wheat in the United States where there is a heavy federal subsidy and the income the Canadian farmer receives for a bushel of wheat. In the United States at the present time the combined domestic and export price under their modification of a two-price system gives the United States farmer \$2.83 a bushel. Yet in the year 1969, we find that the Canadian farmer received \$1.50 a bushel for wheat that is exported and \$1.95½ a bushel for wheat consumed on the Canadian domestic market. We are still expected to compete, in respect to the standard of living with a nation like the United States where the farmers receive nearly double the amount our farmers receive for the same bushel of wheat. This illustrates the problem the average farmer faces today in respect of the production of grain.

• (12:40 p.m.)

More than that, I believe the grain farmer—we will limit our remarks to the grain farmer at this particular time—has had to face a price-income problem which has not been faced by any other industry in this country. Certainly, no other segment of industry, whether producing manufactured food, implements used in agriculture or goods used either personally or in the area of clothing and shelter, would produce at below cost. You cannot do that if you expect to survive. Yet we are aware today that the income of Canadian grain producers as well as the income of agricultural producers in general has gone down each year for the past eight years, although the cost of living has gone up. It is tragic that the farmer is not able to do anything about this. The manufacturer of clothes will not sell his clothes for less than the cost of production; neither will the manufacturer of a tractor sell that tractor for less than it cost to produce. He will try to recover its cost of production and distribution and make sure that he has something left over, or else cease operation. That is not true of the farmer in these circumstances. He cannot do that.

In its recent submission to the government, the Canadian Federation of Agriculture said that while statistics do not separate grain and livestock production on a net income basis, there is little doubt that grain growers are operating on a net loss basis, or close to it, in western Canada. The net realized income, for example, for Saskatchewan agriculture was \$200 million in 1970. In the years 1963 to 1967, the annual income averaged \$435 million. If income in kind is deducted from these figures,

#### *Prairie Grain Stabilization Act*

the change was from \$368 million to \$131 million, or a decrease of \$237 million. To be exact, the farmer's income has gone down by 65 per cent. That illustrates the magnitude of the problem the farmer faces. He cannot control it and can do little about it.

I want to be fair to the government and to the minister responsible in this area. I hope that the government's motivation in bringing forward this grain stabilization bill is to help farmers overcome their problems. I hope that its function will be to bring some degree of financial equity to the farmer. Having said that, may I now say that I do not understand how the provisions of this bill will do that. Some farmers in my constituency, in particular, are particularly concerned about certain provisions of the bill.

The government states that this program is designed to establish policy with an initial, interim payment of \$100 million to western farmers for the current crop year. That is its short term objective. It is also basically designed to hold cash farm grain receipts at a predetermined level. That is my understanding of the program, Mr. Speaker. The program is to be based on a two to one ratio, the government contributing 4 per cent of total receipts for each year and the farmers contributing two per cent of their totals, up to an average cash receipt of \$15,000. This will mean that the maximum that any one farmer will end up paying in any year is \$300 to the stabilization fund. The plan would pay to grain farmers who hold Canadian Wheat Board permit books, in a year for which the payment would be made, an amount equal to the difference between the total eligible farm cash receipts for the crop year and the average of such receipts for the preceding five years. The total payable would be divided among the eligible permit holders on a proportion of each individual's average eligible cash receipts for the preceding three years.

This sounds all very well, Mr. Speaker, but I want to emphasize something that previous speakers have referred to. It is of great concern to me. The government contends that it is giving \$100 million to the farmers. That is not the case. The \$100 million which, in the short range aspect of the program, will be provided to the grain farmers and to the agricultural industry is not for the most part new money. Rather it has been obtained by the elimination of two other programs which over the years have put considerable money into the agricultural and grain industry. I am, of course, referring to the Temporary Wheat Reserves Act and to the Prairie Farm Assistance Act. Although \$100 million is to be paid out by the government this year, the cost to the federal treasury will be considerably less than that. I think it is necessary to make that fact clear, and I propose to do so. For example, let us look at the Prairie Farm Assistance Act. We know that the Prairie Farm Assistance Act program, in the 30 years it has been in existence, has collected over \$207 million and paid out to the farmer over \$383.5 million. In 1969, the last year for which there are records, a total of \$5,281,000 was paid out. I understand that the PFAA assistance program will be replaced by the grains stabilization program, when it takes effect.