

*Prairie Grain Stabilization Act*

tionately low stabilization payments to be made at times when the drop in farm incomes is the largest, would be avoided. The merits of this action are so obvious that I do not think I need even argue them in great detail. Surely, it is obvious that in attempting to stabilize incomes in an area of the economy where, even including income in kind—that is what you grow and eat—incomes are marginal and it is essential to ensure that both the absolute and the relative figures of assistance be highest in the worst years, and it is in order to ensure this that the amendment has been submitted.

The third task which the amendments that we are considering attempt to accomplish is to have stabilization payments computed on the basis of net income rather than upon gross income. The amendment in question does so by providing that increased costs of production be deducted from the purchase price received for grain sold in the process of calculating the basis upon which to make stabilization payments.

In order to present accurately the case for a plan based upon net farm income rather than gross farm receipts, it is necessary to relate the shortcomings in the gross income approach to yet another defect in the bill, and I could do so in a couple of sentences. We in the NDP have two major reservations regarding the approach to stabilization taken in this bill. First, the plan starts from an aggregate basis, namely, total cash receipts for the marketing of prairie grains. Second, as I have already indicated, the plan works on a gross receipts basis without regard to costs of production.

We see a number of adverse effects resulting from the combination of these two techniques. First, because the plan is based on aggregate marketings of prairie grains there would be enormous pressure on the Canadian Wheat Board in slow years to make large volume sales regardless of price and while this might not be a bad policy in a marketing sense it would be disastrous for the individual farmer, especially the smaller farmer, because of the violence it would do to his net income position. Second, because the plan is based on gross income receipts from marketing rather than net farm income, the plan would do absolutely nothing to slow down or counteract the net income squeeze being experienced by farmers. I am referring to the pernicious phenomenon commonly referred to as the cost-price squeeze in which rising costs and reduced prices are combining to force more and more farmers out of business.

● (4:00 p.m.)

The third major defect we see in this approach, because of its being based upon gross income, is that the degree to which a farm unit participates in the plan depends upon the total grain marketing of that farm unit up to a limit of \$10,000. In the chronic oversupply situation in which we find ourselves in the west, orderly marketing depends on quotas and quotas at present are related directly to total cultivated acreage, unfortunately. Thus, because the plan is based on gross receipts, the more successful the plan is, the more farmers would be forced to attempt to increase the size of their farms in order to obtain sufficient quotas to reach at least the limit of \$10,000 in grain marketings so that they could participate fully in the plan. Obviously, this implies further rural depopulation because if the

farmers participating are to have the acreage necessary, that means they are going to have to expand the size of their farms. In effect, this means that some farmers are going to have to be removed from the land to make room for others to expand. In brief, the current relentless competition amongst prairie farmers is bound to continue with the result that the number of farmers in the prairie region will continue its rapid decline. This may be the point at which the government is aiming, even though they will not admit it. If it is not their intention, I fail to see the reason for their resistance to the attempt to introduce net farm income into the plan.

The fourth adverse effect this bill would have upon the prairie economy would be to produce the anomalous situation of forcing up the price of land in a depressed farm economy, thus further raising the overhead which must be supported by the farmer whose costs are already too high. This effect would follow logically from the third result of the plan which I discussed just a moment ago and that is the tendency to force farmers to seek to increase the size of their farms in order to gain maximum benefits from the plan. The merit in the stabilization plan as proposed by the minister is the fact that the government of Canada has committed itself to long term expenditures in the interests of the western Canadian farmer. The flaws in the plan lie in its specifics and those specific flaws are such that they would effectively prevent the plan from doing what it purports to do, that is providing western farmers with some form of real income security.

The two amendments before us, submitted by the hon. member for Saskatoon-Biggar attempt to remedy some of the specific defects in the plan in order to allow it to accomplish its expressed objectives. The key recommendation contained in these amendments is introducing the idea of basing the plan upon net farm income by deducting from grain receipts the increased cost of production.

We on this side of the House have not been alone in this contention. Farm groups appearing before the Standing Committee on Agriculture have made the same point. The minister of agriculture from Manitoba also made the point when he appeared before that committee. Now, all three prairie agriculture ministers have got together and written the minister telling him that is their position and they would like to discuss it with him. Surely, it would make good sense for the minister to take the time to listen to them since they represent the area that this plan is supposed to help.

I cannot understand why, having received unanimous representations from the three provinces involved in the plan, the minister would wish to proceed with the bill without hearing their representations. Nor can I understand why the minister is not content to take the suggestion offered on numerous occasions from this side of the House. If he is worried about the cash income position of the prairie farmer and wants to send out the acreage payments provided for in the bill, why does he not split the bill, make the acreage payments and then take time to discuss the other provisions of the bill with the prairie ministers? Surely a plan designed to be ongoing, designed to last for years with potentially profound effects upon the prairie grain economy, is important enough that the minister simply cannot deny the three prairie agriculture ministers the opportunity to discuss it. I hope that the