

Business of Supply

tion that milk must take a foremost part in young peoples' eating habits.

We, of the Social Credit Party, believe that one way to help dairy farmers would be to emphasize research as concerns a greater utilization of milk so as to offer consumers new dairy products. Moreover, to encourage milk consumption, we seriously believe that the government should give a discount on prices to consumers, which would be compensated for the producers by the issue of new credits by the Bank of Canada so as to prevent any tax increase and meet the true aim of production, which is consumption.

We sincerely believe that a healthy farming community is essential to the success of our national economy. The government must protect and encourage our dairy farmers. The agricultural market should be based on freely negotiated interprovincial agreements. The federal government should no longer be allowed to play dictator in this area.

[English]

Mr. Hamilton (Swift Current-Maple Creek): Mr. Chairman, during the supper hour I read a very interesting article in the May 22 *Financial Post*. It was written by Dr. John Shepherd, Executive Director of the Science Council of Canada. He states that at a time when we face the most significant technical challenges in our history, science and technology are at a low ebb. I certainly think that any cutbacks in our agricultural research at this time would be tragic. We need to regain our leadership with new and improved varieties, particularly in cereal grain.

Dr. Shepherd says that one of the mythologies about Canada is that we are a storehouse of natural resources, that Canada has endless acres of arable land and huge surpluses of food to feed a starving world. He goes on about our imbalance in trade. He says that by the mid-1980's Canada could well face horrendous deficits which could be compensated for only by significant increases of exports of raw materials and agricultural products.

He further points out that although we have two billion acres of land, actually a very small percentage, 13 per cent, is classed as agricultural and only 42 per cent of that 13 per cent is suitable for commercial crops. He concludes by saying, and I quote:

One has only to envisage the inevitable external pressures which will be placed on Canada's food system. The arguments of Lester Brown of the Worldwatch Institute are persuasive. Between 1934 and 1976, four of the six major grain exporting areas of the world have become net importers of food. As the world grain reserves since 1961 have shrunk steadily from 105 days to a projected 31 days for 1976, so the reliance upon North American exports has become almost total.

It strikes me that with the great need of the world for food and fibre, coupled with the tremendous increased productivity of our two agricultural industries, the U.S.A. and Canada should cease petty rivalries and start co-operating in food and fibre production and developing markets.

After some disastrous attempts at trying to prevent Canadian farmers from attempting to produce too much, grain in particular, the government is still woefully unprepared for the new era in which we do not seem able to produce quite enough. This new era has arrived with dramatic swiftness.

[Mr. Allard.]

Some 18 months ago the World Food Conference in Rome ended. We should use it as a benchmark. For the first time all the components are now in the grain industry on a world-wide basis. By this I mean no country will purposely let its people starve. Russia and China are now in on a regular and on-going basis. Russia will not be a stabilizing influence on the market because of her great production swings in the wheat growing areas. We do not have to be reminded of that. Grain policy will pretty well set livestock policy in this country.

Of all our industries, none is subject to more increasing political control than farming. Management decisions have to be made against a background of laws and regulations which control the scope for initiative and enterprise. It seems we are faced with more and more government control.

I wish to quote from a report by the Canadian Federation of Agriculture, commenting on the final report of the Food Prices Review Board, a public body. I quote:

Focusing our comments on this report to only the substance and recommendations has called for great restraint. Seldom if ever have we seen a document produced at public expense which is so laden with bias, innuendo, unsubstantiated allegation, and in so many ways stunningly smug, self-congratulatory, contradictory, misleading, and possessed of an animus toward all—both in government and out—who are involved in, or interested in farm policy. We think it is unfortunate that the board chose to conclude its existence with a report of this nature.

● (2100)

They talked about the board's recommendations for feed grains. The government put in place a subsidy program like the two-price system on wheat. Let us take a look at the two-price system on wheat. This is a system under which farmers are asked to absorb any difference between the \$5 subsidized price and the export price. The export price remained at about \$5 from September, 1973, to May, 1974, and producers absorbed a loss of some 85 cents a bushel, the federal government picking up the \$1.75 per bushel. This meant that the grain producers of Western Canada subsidized the bread eaters of this country to the tune of about \$55 million in that period. All this was going on at the time when a wrapper around a loaf of bread was probably worth as much as the wheat which went to make up the loaf.

The Prices Review Board proposed management of domestic grain prices. They are proposing government intervention to control domestic grain prices and create a domestic feed grains and livestock industry insulated from world prices. Such an intervention, which would essentially amount to the subsidization of livestock and livestock products, would unquestionably lead to massive planning of the grain and livestock sectors. It would, of course, involve the over-all planning and management of the entire agricultural economy, the likes of which were never, never contemplated nor desired, and the consequences of which would be great and far-reaching.

There is no question that the Minister of Agriculture is dedicated to the agricultural supply management concept. It was summed up in his speech at Kelowna, B. C. earlier this year when the hon. gentleman said, "The free market system has not worked to the benefit of the agricultural producer... the free market system has never existed in Canadian agriculture. So far, the supply management