

Prairie Grain Stabilization Act

Mr. Horner: Mr. Speaker, I realize this is a difficult subject matter to follow. It is also difficult for one to confine his remarks to such a narrow point as using as the basis for calculating cost of production the year 1970. May I refer to catalogue No. 62-004 published by Dominion Bureau of Statistics which gives the price index numbers of the commodities and services that are used by the farmers. This is the way DBS calculates cost of production, which is the cost of the goods and services that our farmers must buy.

It is of interest to note that if you base this equation on gross income, you fail to take into consideration the increase in cost of production, which thereby puts a tremendous squeeze on the farmers—what we have all heard referred to as the cost price squeeze. I suggest one has to examine cost of production over recent years in order to see whether or not there is any merit in basing your calculations on net income and using the year 1970 as the base year. According to the price index of the number of commodities and services used by the farmers as published by DBS, in 1949 the composite index inclusive of living components for the cost of goods the farmers buy was 199.2. In January 1970, it had risen to 390.8, very nearly double over a 20-year period.

In the event that the government's program is enacted, the fact that we are on a downward trend in establishing an average under the stabilization program means that in order for the farmers to collect they would have to build up their gross sales and then suffer a drop subsequently. Notable economists have estimated that there may be one, at best two, payments between now and 1980. Taking the past 20 years' cost of production as a guide, one can readily see that cost of production has doubled. A better way of putting it is to say that the cost of the goods and services that farmers must buy has doubled. As sure as night follows day, the cost of the goods and services that the farmers have to buy during the next ten years will double again, especially if the present government continues in office. This will place our farmers in a tremendous squeeze.

As this squeeze approaches, under the stabilization program that the Prime Minister has put forward and which the minister in charge of the Wheat Board is attempting to pilot through the House, no payment is made unless the farmers have a bad crop year. The \$35 million that the Prime Minister spoke of last night will not be distributed to help offset cost of production unless the farmers experience a calamitous year, whereas under the Temporary Wheat Reserves Act money flows in each year to help offset the ever-rising cost of the goods and services the farmers buy.

• (5:10 p.m.)

I made reference a while ago to what the chairman of the Agriculture Committee said on page 9 of committee proceedings 58 regarding this whole question as to whether the \$60 million should be paid. He said:

That is probably a matter that would have to be referred to the Supreme Court of Canada.

That is very clear. There is a good legal point here. The Prime Minister said last night that this government is breaking the law, and he seemed proud of that as he lectured the farmers. He went on to say they are in default

of payments, and I suggest they will continue to be in default until they change this program in such a way that the bill takes into consideration the net position of the farmers and is related to some time which is more favourable to farmers. If you use 1970 as the year on which to base the net position, that will be fine, but on the basis of gross sales it is not good.

The minister went on to say in respect of the lows and highs of the cycle, and I read from proceedings No. 55 at page 4:

This is an important thing in relation to some of the arguments which have been made by producers about whether there is anything to guard against inflation or cost increases and so on in this program. In a sense there is, in the sense that its sales continue to increase if over-all gross receipts for prairie grains do go up as they have indeed over any past period of years; you can see an increase in total receipts in any long-term graph you may draw.

He is predicting that you will see an increase at some time in the future in respect of gross receipts, and you will know when a payment should be made, but this is the dangerous thing about the grain stabilization program. If a program is to be beneficial to the farmer you must have a situation in which there is continuing growth in gross receipts, but you would have a payment under this bill that merely represents a transfer from one government pot to another government pot. It is merely a paper transfer.

The minister went on to state, as recorded at page 29 of committee proceedings No. 59, regarding the logic of setting up such a fund:

All I can do, in terms of your question, is reframe the statement I made earlier that if you start with a high average, the average is high; if you start with a lower average, the average is lower. Obviously, the only way you know exactly what is going to happen is by starting to forecast the future and that is a thing I have been refraining from doing.

He is reported on the same page as saying:

The logic of making the trade now is very clear in terms of what this stabilization plan will provide in the way of money from the treasury toward the grain industry compared to what would have been provided if we had gone on with the Temporary Wheat Reserves Act, standing in its present terms, and with less wheat in the system to make room for the barley and rapeseed and better functioning of the system.

This refers to a reduction of wheat in the system. The minister is well aware of the fact that he is starting now in a position favourable to the government rather than to the farmers. If this stabilization program were presented again five years from now, it might find a more favourable climate in this House of Commons because of a change of climate in the agriculture industry. I suggest that if farmers accept this program today, they will accept it to their own detriment.

There is one other situation that is not covered, and this is related to the amendment regarding the net receipts. Under the Temporary Wheat Reserves Act, money would be paid out if a farmer suffered a calamity, as happened in some parts of Saskatchewan and Alberta this year because of the Bertha army worm. However, under the stabilization program, the farmer would receive nothing because this is a regional situation and is not covered. The minister in charge of the Wheat Board suggests that this should be covered under crop insurance, but there are fewer farmers who took out crop insurance this year in