

Wheat Prices

so does the individual wealth of farmers, the value of the security they have offered for loans, their ability to borrow and to invest, and their everyday consumer buying power. The results, then, is that not only farmers but manufacturers, small business people and all those dependent on farmers also suffer. Clearly, it would be nice if there were an international minimum price for wheat, a substantial price in the international market. But Canada cannot unilaterally impose such a regime on the world. With export prices at depressed levels and facing ever increasing competition from other countries, the only hope for a reasonable price at this time rests with a domestic pricing policy.

Regardless of whether an international grain agreement can ever be worked out, we must seize the initiative internally, within our own country, to deal with the only aspect of wheat pricing over which we do have some control, namely, the price of wheat for human consumption within Canada. I, therefore, urge discussion and inquiry through the establishment of a parliamentary committee to investigate whether the Canadian consumer ought not to pay a modest increase in the price of bread and cookies, on the understanding that the entire benefit, or at least the greater part of the increase, will be paid to the wheat producers.

Good wheat has an extraction rate of approximately 72 per cent. Therefore, one bushel of wheat weighing 60 pounds produces about 43 pounds of flour which, in turn, produces approximately 67 16-ounce loaves of bread. According to these Wheat Board calculations, a \$1 per bushel increase in the price of wheat should only result in an increase in the price of bread of 1.5 cents per loaf.

Clearly, the wheat producer today needs \$10 to \$12 per bushel domestic wheat. A \$5 a bushel increase would result in an income gain of approximately \$367 million annually for wheat producers in Canada and would manifest itself in an increase to western Canadian producers of roughly 40 cents per bushel and something in excess of \$1 a bushel for Ontario producers.

Not only would these increases provide an immediate shot in the arm to farmers but, in turn, to those who depend on the farmer; the implement dealer, the small business person and, indeed, virtually every other Canadian. Furthermore, as Carter and Schmitz pointed out in their paper entitled "Domestic Wheat Prices and Farmer Income", if the milling and baking industry passes 100 per cent of that \$5 a bushel increase on to consumers, the price of bread should rise only by 7.5 cents per loaf.

Currently the farmers' share in a 24-ounce loaf of bread is less than two slices, not enough to make a decent sandwich. The farmers' share of retail sales value of products made from soft wheat is even less. According to the Ontario Wheat Producers' Marketing Board, the percentage value of wheat and sweet cookies is 1.1 per cent; in solid cookies, 2.7 per cent; in crackers, 8.2 per cent and in 100 per cent wheat cereals, 4.9 per cent.

We ask for a fair return to the producers for their wheat and a fair price to the consumer. We have serious concerns about

the effect of the various spreads and add-ons and margins which affect the shelf price of baked goods between the farmer and the ultimate producer. Even a cursory examination of the past will indicate that, as wheat prices have increased, so, too, have bread prices. However, have you also noticed that as wheat prices decline the price of bread continues to increase? Mr. Speaker, any way you slice it bread prices in Canada have in fact risen by some 50 per cent over the past five years while the price of wheat has declined by some 22 cents per bushel over the same period. It is imperative that ways be found to ensure that the bulk of any increase finds its way back into the producer pool.

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According to Statistics Canada the Canadian consumer spends only 11.8 per cent of disposable income on food at home, or 15.7 per cent combining home and restaurant. We, as Canadians, have one of the highest standards of living in the world and I do not think it unfair or unjust to ask that the consumer pay a modest increase in order to subsidize the producer. Indeed, in 1980 and earlier years it was expressed, quite correctly I think, that the farmer, under the old two-price Wheat Act was forced to sell his wheat at a price well below the world price, which in turn subsidized Canadian consumers. Mr. Speaker, turn about is fair play. Now we ask the consumer to help out. In this country we have a cheap food policy. The percentage of our disposable income which we spend on food is the second lowest in the entire world, second only to the United States.

If a \$10 or \$12 domestic wheat price were instituted and the increase in a loaf of bread reached 10 cents, the average consumer purchasing 50 loaves per year would suffer an increase of \$5 on his annual grocery bill. I do not think this would cause any great hardship. The cost of non-staple items such as beer, cigarettes, and liquor is continually increasing. People grumble, but they still buy.

If we, as consumers, do not help the Canadian farmer, we will eventually cut our own throats because we will eventually become dependent upon food supplies from other countries and at that time we will discover that there is a very real cost to food. We will all wind up carrying the economic and social costs of farm failures.

I was advised a short time ago that the Canadian Wheat Board has fixed the price of Canadian wheat at the mills for the next three month period. Indeed, there is good news because the increase is approximately 95 cents a bushel over the September fixing, with the result that the domestic wheat price under the existing program should rise to about \$6.90 per bushel. While this is good news indeed, it puts the domestic wheat price almost at its limit of \$7 per bushel. That, Mr. Speaker, is not enough and clearly does not meet the purpose of the motion which I have put before the House.

In April a Private Member's Bill was put forward by the Hon. Member for Yorkton-Melville (Mr. Nystrom) with regard to parity pricing. That was referred to committee by an all-Party agreement. The intention of the Hon. Member, to