

Grain

A ceiling provides protection for consumers during times when the world price exceeds the price that would normally be expected to be paid in Canada for flour and bread.

The reason that farmers have always approved of the two-price system is the stability which it provides. The Hon. Member for Kindersley-Lloydminster (Mr. McKnight) should be lauded for introducing the idea to the House once again. I think a ceiling would make it more fair, but I have no objection to the \$7 floor price. As I pointed out earlier, it compares very favourably with the current production cost of producing a bushel of Red Spring Wheat.

● (1700)

I am somewhat disturbed that the Conservatives have seen fit to bring forward a grain policy designed to provide some stability to farmers because the activities of Tories in the field of agricultural stabilization were not that good. It is laudable that stability is being touted for Red Spring Wheat, but we should remember what happened in terms of stability for feed grain. The same Party, along with later assistance from the Liberals, took away stability for feed grain pricing which farmers had years ago when feed grain was sold under the aegis of the Canadian Wheat Board. Under the Diefenbaker Government, when the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was Minister of Agriculture, feed grains were taken away from the jurisdiction of the Canadian Wheat Board. The stability which farmers used to have in the form of an initial price guaranteed by Government was taken away, and feed grain prices slumped considerably. The market for feed grain is much bigger in Canada than the market for Red Spring Wheat. It was left to the open market to decide the price, and generally the price has been below the initial price offered by the Canadian Wheat Board, and there would be a much greater undermining of the Canadian grain trade by the Conservative Party. Then it was taken up by the Liberal Party under Otto Lang when he was in charge of the Wheat Board. He not only agreed with the policy of keeping feed grains away from the Canadian Wheat Board where producers would get a fair price, but he enlarged the activities on the open market to make it apply right across Canada. This brought back the kind of market institutions which assisted in creating the economic violence to which prairie farmers were subjected during the 1930s, with the limits of the Winnipeg Grain Exchange and its open-market pricing activities.

In the remaining few minutes left to me I would like to point out the stand my Party takes with regard to the two-price system and feed grains. We say that the floor price should be set at the cost of production, which is currently somewhere in the neighbourhood of \$6.50 to \$7 per bushel. Also we say that it should have a ceiling that would allow a range of one-third more than the floor. For example, if the rate is \$6, it would mean that the range would be \$2, or a third of \$6 to \$8. However, if the costs of production continued to rise and the floor became \$9, the range would be \$3, or a third of \$9 to a ceiling of \$12.

In terms of increasing stability to grain farmers in western Canada, we say that feed grains should be returned to the jurisdiction of the Canadian Wheat Board so that feed grain producers would have a floor or an initial price and the guarantee of that initial price to fall back on. It is very important in maintaining stability to the agricultural community that the guarantees offered by the federal Government in 1897 and again in 1925, 1926 and 1927 under the statutory Crow rates be continued so that the agricultural sector, not only in western Canada but also in Quebec, the Maritime Provinces and British Columbia, would not be disrupted any further.

Stability and guarantees keep agricultural producers alive and prosperous. They provide incomes to rural communities and jobs in transportation, in manufacturing, food processing, retailing and wholesaling. Those aspects of agriculture account for between 25 per cent and 30 per cent of the employed people in Canada. Some politicians take great notice of the fact that less than 5 per cent of the voting public are farmers, but they forget the other 20 per cent to 25 per cent who rely on agriculture as their basic means of employment. We in the House must remind ourselves of the importance of stability at the farm level to the rest of the elements in the food chain.

It is very important that this kind of proposal be carried through the House and that a two-price system be reinstated. This particular proposal is not for a two-price system. It is simply for a floor price to be set, but I think the idea should be kept alive. We would support a genuine two-price system with the kinds of guarantees I have outlined today.

Mr. Len Gustafson (Assiniboia): Mr. Speaker, it is a privilege to rise and support the motion of the Hon. Member for Kindersley-Lloydminster (Mr. McKnight) for increasing the floor price of wheat to \$7 per bushel. The importance of the motion can only be realized by farmers, especially if we consider the increased costs they now face. We are all aware of the boom or bust cycles farmers have been forced to go through. If we look at the increased costs of farmers at this time, we find that the costs of production have risen approximately 25 per cent over last year, while the price of wheat on the world market has fallen in the neighbourhood of \$1 per bushel. This is why the motion is so important. Perhaps there has never been a time in the history of farming when it was more important than today. In addition, farmers are faced with the new proposals of the Minister of Transport (Mr. Pepin) which increase freight rates. This will have a significant impact upon the welfare of farmers and the whole area of the pricing of wheat.

As well as the domestic price, one must be well aware that the international price or the world price has fallen very significantly. Also there is a large wheat glut in the United States; there is a large supply of corn in that country. The European Common Market is challenging the Canadian market to some extent. The United States subsidizes its farmers. Some indications are that the figure is \$2 per bushel, but European subsidies are even greater. France is now putting into the international marketplace almost as much wheat as