

### *Income Stabilization*

commodity may be at disaster levels, there are nearly always compensating higher prices at the other end of the commodity scale somewhere else. Therefore, I think the funds could be kept actuarially sound. It could be managed by contributions from producers and from government.

I would suggest that the producer contribution should never exceed one third. The question as to who would pay the other two thirds is something which could probably be worked out between the federal and provincial jurisdictions, both of which have some jurisdiction in this particular case.

To this point in time, we have never dealt directly with farm incomes at the federal level. Some of the provinces have attempted to do so. I cite British Columbia as one example. The reason I think income programs have to be the focus of our attention is that the kind of stabilization proposals we have seen in this country, first of all, while they may cover a range of ten products, do not cover all the products and, second, they always operate on the basis of past history, and consider 90 per cent of the previous five years, or some such combination or formula. In a period of inflation, such as we are now experiencing, 90 per cent of prices which go back as much as five years provides very little protection for the producer, if, indeed, his commodity is protected at all. Of course, the companion problem is one of not receiving payment until a year or a year and a half after the bad experience on the part of the producer. Therefore, it does not supply the cash flow which is necessary for a farmer to maintain his fixed costs and his operating costs and to provide some minimal living standards for his family. It is, therefore, quite inadequate.

I would propose that the government give careful consideration to some sort of program similar to the one outlined by the hon. member for Mackenzie, with perhaps more emphasis on income than just the provision of cash on a willy-nilly basis. Obviously, such a program must be national in scope, perhaps similar to the unemployment insurance program, so that the benefits are equitable right across the country and the contributions are the same no matter what part of the country one is in or what commodity one is producing.

It would be based on a small percentage of one's production as an insurance premium, if so desired. Coverage of the program would be based on average production costs and current market prices so that one could establish what is, in fact, the income for that particular quarter in the year. It should be self-financing. It must be actuarially sound. As I said before, the producer should not be expected to provide more than one third of the funding. The other two thirds can be agreed to between the federal and provincial jurisdictions. There should be an eligibility ceiling such as that which is found in unemployment insurance. We do not want to be paying out \$1 million to one producer, or anything like that. There should be a ceiling which is consistent with average incomes in Canada. The incomes should be available to farm families in order to allow them to have living standards which are at least equal to what one sees in the rest of the economy.

Clearly, all major farm commodities must be covered and must be contributing members of such a plan. It should also

take into consideration subsets of commodities which develop because of production changes and techniques. For instance, weaning pig producers have not always been part of any stabilization programs, and neither have cow-calf producers, and the end producer has always received the benefits of such production. We tend to ignore the primary producer in any programs which we have developed up to this point.

It is very important that pay-outs must be computed on at least a quarterly basis. Certainly we should not leave it for an annual computation and find ourselves making pay-outs as much as a year and a half or two years after the greatest loss has taken place. Most certainly and most definitely such pay-outs would have to be computed on an individual basis, which is not too radical; but in terms of stabilization and income programs, this is a radical departure. It is very similar to what we have done with crop insurance. I can remember when I was very young going to meetings where government officials explained how it was totally impossible to make pay-outs and give crop insurance on an individual basis. We have been doing it since 1961 or 1962. It has created no untoward problems. I think we can do the same thing with an incomes policy as we have been able to do on the production side. Both parts of the formula for successful farmers are important, and both must be addressed.

I would support the general thrust of the resolution and recommend the same to the government members.

**Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain):** Mr. Speaker, the proposal put forward this afternoon by the hon. member for Mackenzie (Mr. Korchinski) is a refinement of a proposal that he originally put forward in 1976 during the debate on the western Canadian stabilization of grain prices. I have to pay tribute to the hon. member for taking the time and for putting the effort into thinking this proposal through, just as he did in 1976. Now in 1981 he has brought it forward as a private member's motion, refined and improved from what it was in 1976. He has married it with a couple of other ideas which have come out in the various proposals in the House. I think he is coming up with a positive, practical proposal, without requiring a subsidy by the government. It presents no administration difficulties. It is simple. It is individual. He has the concept of the income-averaging annuity in it which the tax people accept here. I think recognition should be given him for what he has done. He has made a major contribution in proposing this agricultural program.

I have some knowledge of the developments of the history of the agricultural programs over the last 35 years in Canada. This fits in and harmonizes with what we started to do at the end of the war. In the original thinking we thought about how we could get accelerated sales. This was the first principle. Then we thought about how we could work out systems and formulae to stabilize price, which the hon. member for Humboldt-Lake Centre (Mr. Althouse) talked about. Then we thought about stabilization of income and we put in the crop insurance concept. We talked about a modern system of farm credit and we created the Farm Credit Corporation. Then we brought in the rehabilitation development theme which we