

million was included in the recent budget to finance such a plan and because I expect legislation soon to give effect to it.

There are those who have criticized the budget because they say there is little in it for the people of Saskatchewan. They completely overlook the \$100 million estimate of the cost of this grain income stabilization plan, the greater part of which will accrue to grain farmers in Saskatchewan. It is estimated that the gross income from the six major grains in the three Prairie provinces in 1970 was \$823 million, \$457 million of which was received by Saskatchewan farmers—about 55 per cent. Alberta's share of the total was 29 per cent and Manitoba's was 16 per cent. So if this stabilization plan becomes operative for this crop year and distributes \$100 million to Prairie farmers as expected, about \$55 million will find its way directly into the hands of the grain farmers of the top grain growing province of Canada, Saskatchewan.

• (8:10 p.m.)

Now I want to make a few comments about the grain income stabilization proposal to which reference was made earlier today. It seems to me that most farmers accept the plan in principle, but there are changes we would like to see made to parts of it. The major change has to do with the contribution farmers would make toward the plan. That contribution, it is proposed, would be as much as 3 per cent of their gross receipts for the six major grains—wheat, oats, barley, rapeseed, flax, and rye—to a maximum of \$10,000 in any one crop year. Right from the beginning I have said that a 3 per cent deduction off the gross grain income is too great a burden, especially when net income from grain farming is very low or non-existent at the present time. Responsible farm organizations have asked that the deduction be no greater than 1 per cent of gross grain receipts and I urge the government to give serious consideration to that request.

Because stabilization payments to individual farmers, in those years that the formula would require such payments, would rise or fall in accordance with the individual farmer's success or otherwise in obtaining grain income, much concern is felt in parts of the Prairies which are subject to crop failure. They fear the strong possibility that they may suffer two or three successive crop failures at the time a stabilization payment became available. There are several ways in which this danger could be at least partly overcome. Farmers might be given the option of using the three best years in the past five or six to determine their three-year average. This might pose severe administrative difficulties but it is certainly worthy of investigation. Another proposal is to count crop insurance, hail insurance and PFAA benefits as grain income for purposes of the stabilization plan. This seems to be a very appropriate suggestion and I ask the minister to give it favourable consideration.

Because all-risk crop insurance is very vital for grain farmers and will become even more vital with this stabilization plan, I again urge all those responsible to make the existing plans in the Prairie provinces more attrac-

Economic Conditions in Rural Communities

tive to farmers by improving the coverage, reducing the premiums, or both, so that farmers can and will protect their individual incomes against the many hazards in grain production in the west. The very least that should be done is to make crop insurance available to every part of the Prairies. As many members will know, the federal and provincial governments each pay half the administrative costs of federal-provincial crop insurance plans, and the federal government also contributes 25 per cent of the premium cost. I take this opportunity to again ask the federal government to increase its contribution toward these crop insurance premiums from 25 per cent to 50 per cent.

There are many other suggestions I could make for minor improvements to the stabilization plan but I will discuss these again, as I already have, with the ministers who are developing the plan. However, I must refer to the lack in the plan of any protection against inflation. If it stabilizes grain income at the average of the five previous years, and if the value of our dollar continues to go down as it has through most of Canada's history, we are not really stabilizing incomes. Instead of stabilizing at 100 per cent of the five year average, we should stabilize at 100 plus "X" per cent. The "X" per cent would represent the change in the value of the dollar over the five-year period or the inflation in the cost of production, which is almost the same thing. All in all, I believe the stabilization plan is a good one and is acceptable to farmers, especially if it can be amended in accordance with some of the suggestions I have made.

There is another feature of the October 29 announcement regarding grain production that I would like to comment upon. The suggestion that high initial prices might be used to persuade farmers to grow certain kinds of grain which might appear to be in demand, with any losses resulting therefrom becoming a charge against a future pool of the same grain, received the same universal rejection which I registered as soon as I heard it. I believe such manipulation is unnecessary. I believe that if farmers are assured of a market for a certain kind of grain they will undoubtedly produce it with the normal type of initial pricing we have known throughout the years.

If farmers themselves were making decisions about the level of initial payments, it might be defensible to suggest that they be held responsible for any consequent losses; but since the Wheat Board is not a producer-controlled board the government should continue to stand behind the initial prices they set. If all the same producers were in consecutive pools it would not be too bad, but there is continuous change in the list of producers of a particular kind of grain. New producers enter farming, other producers cease farming and many move in or out of the production of one or more of our grains from year to year. The greatest objection to such a proposition is that while it might stimulate production in the first year of its operation, it could have the opposite effect in disastrous proportions in subsequent years if it became apparent that there would be a loss chargeable to the next year's pool.