

principle of law. I respectfully suggest that in their consideration they contemplate the possibility of amending this legislation, and any legislation that may be passed in the Province of Nova Scotia relative to the matter, to take into account these two points.

In the meantime, as I indicated earlier, I intend to vote for this bill and I urge all honourable senators to do the same.

**Senator Croll:** May I ask the honourable senator a question? What is the history of the augmenting of the fund from time to time? Have the original allowances been increased and, if so, by how much?

**Senator Smith (Colchester):** It is my recollection that the fund was built up over a period of a relatively short number of years after 1917, and that there has been no augmenting of the fund except, of course, such as could be obtained from interest or capital appreciation of investments.

**Senator Croll:** I am referring to the augmenting of the individual allowances provided by the fund.

**Senator Smith (Colchester):** As Senator Norrie pointed out last evening, there was an increase of 11.3 per cent, effective on January 1 of this year, to take into account the rise in the consumer price index which had occurred in 1975, and I believe that over the years there have been occasional adjustments in that respect.

**Senator Norrie:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Norrie speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Norrie:** Honourable senators, there are no further comments I wish to make on this bill.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Norrie** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

## WESTERN GRAIN STABILIZATION BILL

### SECOND READING—DEBATE ADJOURNED

**Hon. A. Hamilton McDonald** moved the second reading of Bill C-41, respecting the stabilization of net proceeds from the production and sale of western grain and to amend certain statutes in consequence thereof.

He said: Honourable senators, Bill C-41 has been before Parliament for some considerable time. It was originally introduced and given first reading in the other place on December 4, 1974. Since that time, it has been considerably modified, and only now reaches this chamber.

Prior to the bill's reaching the Senate, the Agriculture Committee of the other place spent considerable time discussing it, and also in travelling across that part of Canada which will be affected by it. It is my view that the measure before us today is much improved as a result of the travels of the House of Commons Agriculture Committee and

their having heard representations from those people who will be most directly affected by it, namely, the farmers.

Bill C-41 provides a program to deal with the historical fact that income from grains and oilseeds on the Prairies has alternately zoomed to high levels for short periods of time, and then plummeted to very low levels for, in most cases, extended periods of time.

If one were to produce a chart of the income from cereal grains produced on the Prairies, it would be found to be pretty consistent throughout the history of cereal grain production. It would show sharp peaks from time to time and then drop off rapidly to very low levels, which, as I said a moment ago, extended over a considerably longer period of time.

This instability of income has meant a long history—as a matter of fact, it is the complete history—of the boom-and-bust cycle on the Prairies. This not only affected the farmers but, as their incomes rose sharply and then dropped drastically, the business community of the prairie region was also affected. The rural communities, the municipalities, and the prairie economy generally, have suffered because of this.

Even the revenues of provinces like Saskatchewan have been drastically affected by this boom-and-bust cycle in the economy of the prairie farmers. I suggest that it has even affected the revenues of the Government of Canada. It has affected the Government of Canada in that sales of cereal grains play a large part in our foreign trade, and over the years have been a major item in our trade balances.

For these reasons, in my view at least, Bill C-41 is of major interest and concern not only to prairie farmers, but to prairie people and I suggest, to the people of Canada generally.

This instability in agricultural income was identified by the Western Economic Opportunity Conference, which was held in Calgary in 1973, as the central problem in Western Canada. The Western Grain Stabilization Bill is designed to stabilize grain income on the Prairies by eliminating the sudden and sharp income declines that have so often characterized grain sales in the past. The sudden income slumps of the past resulted, in the main, from declining grain prices or the constriction on markets, chiefly export markets, or both. Rising production costs contributed to the tight economic position as prices and markets fell. Grain production is, in many cases, influenced by this cycle, and I suggest that this is not a healthy situation, when plantings of cereal crops are sometimes hindered because of price patterns over a recent period of time.

The basic concept of the plan under Bill C-41 is to create a fund, made up of contributions by producers and the federal government, to be used to maintain the net cash flow to prairie grain producers from grain sales at the level of the average of the previous five-year period. Prairie grain producers will contribute to the western grain stabilization account two per cent of their gross receipts, up to a maximum of \$25,000, from six major grains and oilseeds produced on the Prairies, namely, wheat, barley, oats, rye, flax and rapeseed. The maximum producer payment into the fund would be \$500 per year, which is two per cent of the eligible sales of \$25,000. The federal government will