

Prairie Grain Advance Payments Act

Obviously these massive subsidies offered by the EEC and the United States have substantially depressed world grain prices. It appears that each superpower is quite prepared to structure export deals at virtually any level in order to make sales. One can only hope that taxpayers in western Europe and the United States will eventually rebel at the massive amounts of money being thrown away.

Canadian farmers are no longer competing with their counterparts in the United States and the EEC on the basis of efficiency—a playing field on which Canadian producers would do very well. Farmers are now trying to compete with the Treasuries of these two superpowers. It is well recognized that we in Canada simply cannot compete with those Treasuries. Our problems are compounded by our dependence upon export wheat markets. As I mentioned earlier, 80 per cent of our wheat production goes to export, while in the European Common Market it is only 20 per cent. Our domestic market represents 25 million people, compared with 250 million people in the United States and over 300 million people in western Europe.

I should like to illustrate in practical terms just what impact the grain subsidy war, this international shoot-out, has had on our farming community. At this point I want to thank the research department of the Saskatchewan Wheat Pool for some of the information to which I am about to refer. In the Province of Saskatchewan, net realizable farm income in 1984—and that is gross receipts, including payments from government programs such as western grain stabilization, crop insurance, and so on—less depreciation and operating costs averaged \$15,000 per farmer.

In 1985 the net realized income per farmer was \$10,000, and for 1986 it is projected to be \$9,000 per farmer. This sum represents not only the farmer's labour but also the return on a capital investment of almost \$500,000. Out of this net realized income, the farmer must not only provide for his living expenses but also try to make payments of principal and interest. Without government support programs, net realized income would have been a negative figure for 1985 and 1986. As a matter of interest, at the same time the minimum wage in Saskatchewan is \$4.50 per hour. If that is projected over a year at 40 hours per week, an individual could receive \$9,360 per year without any investment at all.

To make matters worse, the farm cost-price squeeze is eroding farm asset values, so that equity is decreasing and with it borrowing leverage. When farmers lose their buying power, the entire agri-business complex suffers—dealers, agents, manufacturers, and small businesses alike.

It is against this background that the Government has become heavily involved on two fronts—international and domestic. The Government has become involved internationally because of the problem of low farm grain prices resulting from unfair practices beyond our borders. We must do everything possible to discuss, negotiate, and encourage an end to the subsidy wars. That is why the Prime Minister (Mr. Mulroney) raised the matter of the subsidies and agricultural

trade at the Tokyo Summit. That is why in June the Minister of State for the Canadian Wheat Board (Mr. Mayer) held a meeting of the grain exporting nations in Vancouver and why he participated in an international meeting in Australia and why he continues at every opportunity to lobby for a return to sanity in the world grain markets. That is why the Secretary of State for External Affairs (Mr. Clark) and the Minister for International Trade (Miss Carney), recently in Uruguay, were able to fight for and secure the inclusion of agriculture on the agenda for the upcoming GATT talks.

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The World Bank has studied this trend of growing subsidies and cautions strongly against them. In its recently released World Development Report, the World Bank estimates that farm support world-wide will reach \$100 billion this year. The Bank refers to these subsidies as an escalating vicious circle and notes that higher farm revenues resulting from subsidies are largely wiped out owing to rising land prices and rents.

The Government recognizes the importance of Canadian agriculture and the damaging effects of our competitors' subsidies. That is why our Ministers have been at the forefront of this issue on the international stage. Progress is slow. Clearly the process will take time. In the meantime, our farmers need support and they deserve it. Through no fault of their own they are suffering.

The name of the game today, Mr. Speaker, is survival. That is why this Government is also acting on the home front. This is why we are improving existing legislation, such as the Prairie Grains Advance Payments Act, to make it more responsive to the farmers needs. The Act is designed to assist producers of wheat, oats and barley in meeting their short-term commitments by providing interest-free cash advances when sales opportunities are limited. Eligible producers are those who farm within the Canadian Wheat Board designated area and who hold current permit books. An individual farmer can receive up to \$30,000 under the program. Bill C-12 will improve and streamline the operation of the Act.

The substance of Bill C-12 is, first, to delete several Order in Council requirements in the regulations under the Act. These requirements included approval of the application form, approval of emergency advance payments for grain unthreshed because of difficult conditions at harvest-time and the setting of the advanced rate for the crop year. Elimination of the necessity for Orders in Council will do away with potential administrative delays in implementing various aspects of the program.

Second, landlords who do not wish to participate in the advance program will no longer be required to co-sign an advance payment application submitted by a tenant. Until now a tenant wanting an advance had to have the landlord's signature on the application. Sometimes that was difficult to obtain. The amendment proposed would simply have the tenant sign an affidavit indicating he has clear title to the grain covered by the advance. This straightforward change will