If one listens to some of the proponents of the policy, one finds that Bill C-155 is designed to take some of that livestock production back to the West by increasing the cost of grain in the East and reducing it at the farm gate to the producers in the western part of Canada. Therefore, it is sort of redressing a policy move which created hardships for western Canadians ten or 15 years ago.

The net effects of this particular move on agriculture would be, by the end of this decade, to increase the amount of money coming out of the pockets of farmers of western Canada by $1 billion. To put that into perspective, we must realize that the net farm income for all farmers in Canada runs at about $3.5 billion, so we are discussing a reduction of almost one-third of the net farm income. When one considers that a little bit and realizes that only one-third of the farmers reside in western Canada, one finds that a very great burden will be placed on that important part of the agricultural economy.

As I said, the net income last year amounted to $3.5 billion. We are not discussing a net income which has been rapidly increasing; we are, in fact, discussing a net income which has been extremely stable. If one looks back as far as ten years ago, 1973, one sees that, by golly, we had a net farm income of $3.5 billion. It has varied almost not at all in ten years, yet in that time costs, including costs of living, have more than doubled; so the injustice will be compounded by this particular proposal.

The Government is taking a particular group comprised of farmers, who have not had increases in farm income, who have been stable, who have faced increases in costs as great or greater than the rest of the economy, who have suffered less than half the real net farm income over the last ten years, and it is asking them to give up another $1 billion of net farm income. It is asking them to cut it by at least another third. We think that is patently unfair and should not even have been considered. I am surprised that the Minister of Agriculture can stand in his place and simply cut the debate off rather than contributing to it and explaining why he is doing this to the farmers of eastern and western Canada.

Mr. McKnight: He's a terrible man.

Mr. Smith: He's a nice guy.

Mr. Jarvis: That's about all you can say for him.

Mr. Althouse: I think that if the Minister of Agriculture and some of the other Ministers in the Government had looked at the economics of their proposal, they too would have had second thoughts and would not have introduced such a proposal today.

The Minister of Transport (Mr. Pepin) has been trying to put a good face on it. He has been saying that with this proposal the railways will be investing the increased money that they will be receiving from the farmers, the $1 billion by the end of the decade. He is saying they will be investing that in more plant and equipment and that that investment will create a multiplier effect of approximately 2.1. He is suggesting that as that $1 billion works its way through the economy it will become something just over $2 billion in gross national product.

• (1250)

However, he forgets that, as a result of pulling that $1 billion of net income from the pockets of farmers, he is doing even more harm to the economy than the good which he alleges. The multiplier effect of that $1 billion which he is taking from the farmers would have injected a minimum of $3.5 billion to as much as $7 billion into the total economy of this country. This program, as it affects farmers and manufacturers of railway and machinery products, decreases the net gross national product of this country by anywhere from $1.5 billion and $3.5 billion. This takes place at a time when the Government is trying to restore growth and offset a recession. At this time it is pulling money out of the economy by taking money from the small farmers who are the engine of growth to a large part of this country. I would remind the House that farming is the engine of growth for close to 30 per cent of employed Canadians. Those people are helpless without the farmers.

This program not only affects the prairie economy but the entire Canadian economy. It affects the Maritimes and Quebec economies and the part of the economy which provides the goods and services to agriculture, such as those who manufacture tractors. Virtually every combines and tractor manufacturing plant that is left in Canada is in trouble. The latest plant facing receivership is the While Farm Equipment plant in Brantford. The problems of Massey Ferguson are very well known. How will those companies recover even with further financing and careful management while in receivership if there will no longer be a demand for tractors and combines as a result of a reduction of $1 billion in the net income of farmers?

Farmers almost always buy farm machinery with bank loans. The banks take a very dim view of continuing to lend money to farmers when they do not have an adequate income level. We are on the brink of a great disaster because of increases in farm debt and the rising number of bankrupt farmers. The banks are taking a dim view of continually lending money to farmers simply to keep them operating.

In summary, let me say that Government Members have made a great issue of the fact that since this policy is 86 years old it must certainly no longer have any validity. I point out to those Members who have made that argument that simply because it is an 86-year-old policy does not mean that we no longer need this transportation policy to maintain the nationhood of this country.

This policy does not affect the distances involved because our geography has not changed in 86 years. Our farmers still have further to travel to ocean shipping than any other country. It does not address the problems of competing in a world market against all of our competitors who are receiving Government subsidies directly from their treasuries.