

Quebec, is that the monopoly given by the Federal Wheat Board distorts healthy interregional competition and destroys the competitive position of the whole Quebec food chain.

The west suggests that it has clear advantages over Quebec as regards soil, space, production techniques and better-adapted structures.

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In other words, the comparative advantages are the basis for the specialization of an area or a country in a given type of production. Furthermore, the areas exchange their products and this business is beneficial to all partners. In this context, the province of Quebec could move towards the production of industrial goods and the western provinces, towards agricultural production.

If we are going to quibble and be discriminatory, let us agree once and for all and tell the west: feed Canada and we will direct our efforts toward the industrial area. Basically, the president of the FPU was not wrong.

If we accept this theory as a whole, we neglect all the human and historical aspects and even some economic aspects of a society. Having analysed the arguments of Quebec, we will see why this theory of comparative advantages is unacceptable as far as feed grains are concerned.

Quebec maintains that the increase of 80 per cent recorded over two years in the west is not the result of comparative advantages but rather of the fact that the west has the power, thanks to federal support, and this is important, to move soilless productions westward.

To understand the problem quite well, let us say that the main point in this debate should be the cost of transportation of grains compared with that of meat products. There are two possibilities for Canadian agriculture: either we transport to the east the grain produced in the west and cattle is produced around big consumption centres, or cattle production is done in the west and meat products and eggs are transported to big consumption centres represented by Toronto and Montreal.

The selection of the production site for meat in this case would be based solely on the cost of transportation.

For example, let us take hog production as an illustration. In the east as in the west, the production of a hog requires about 650 pounds of barley or 13.5 bushels. In 1971, the cost of barley to produce a hog was \$10.07. To understand how those two regions are more or less acutely competing, one must know how the two products are competing on the Montreal market, while supposing that only the feeding and slaughtering costs are considered. For the product in Montreal, it is supposed that the transportation cost is minimal and we reach a price of \$18.22.

In the western provinces at \$10.07 a hog, \$4.13 transportation expenses should be added for a total of \$14.20. Under such circumstances, westerners suggest they enjoy a comparative advantage of \$4 per hog. What is actually happening?

What Westerners call "comparative advantage" is only pure and simple exploitation of Quebecers to the benefit of Westerners allowed by the supposedly national government of Ottawa. Here is why.

Agriculture

Let us ask the following question: If Quebec had been fairly treated, who would enjoy comparative advantages? Under perfect competition the products may be moved freely and prices of raw materials are determined only by supply and demand.

We should have been paying barley at the same price as western farmers, namely 75¢ a bushel or \$10.07 for the total amount required to feed a hog. To those \$10.07 you might add the regular transportation and handling expenses, less the transportation grant, namely 30¢ a bushel or \$4.05 per hog, and this means for hog that under perfectly balanced competitive conditions Quebec would enjoy a comparative advantage of 8¢. That is exactly what was stated at the beginning of the article: the comparative advantages can be studied, provided all things remain equal. Therefore, the Canadian Wheat Board is distorting the entire competition system which should exist in Canada.

Since the beginning, we have been referring only to past events, but how was the grain problem in May 1973? The difference was exactly 29 cents a bushel, which means that western provinces will enjoy a comparative advantage of 29 cents for a bushel of barley, in their own language, but in legal terms, Quebecers were swindled. Bank robbers are convicted, but those who rob farmers are encouraged.

Mr. Speaker, I see that you are going to call me to order. I would still have a lot to say, but I will come back on the matter later.

[English]

Mr. Jack Murta (Lisgar): Mr. Speaker, I am pleased to be able to take part in this debate on agriculture in general. It was interesting to note when listening to the Minister of Agriculture (Mr. Whelan), and I have said this before in the House, that he makes a reasonably good speech when he addresses farm meetings—I have heard him once or twice—but makes a lousy speech in the House of Commons. He demonstrated that once again today. We have the unfortunate situation of the Minister of Agriculture really speaking as a Liberal politician and not as the Minister of Agriculture for Canada, and I think this takes away a good deal of his credibility.

The minister has also demonstrated the fact that he has no new ideas. Ever since this government came into power we have listened to the same kind of agricultural speeches suggesting how good everything is and how the present government is responsible for the high prices we receive for our products at this time. Of course, that is not true, and with the Minister of Agriculture it is virtually nonsense.

In his speech the minister took credit for existing agricultural conditions but failed to mention the tremendous increase in the demand for agricultural products all over the world. The minister of course, has had nothing whatsoever to do with this. In fact, some of the short-term policies of this government has hampered this situation. The minister also failed to mention the fact that the devaluation of the dollar has spurred to quite an extent the demand for food products not only in Canada but also in the United States.