

Wheat Payments

some kind of COLA clause. The government should consider this because, without doubt, production costs are going to rise rapidly, particularly if the Minister of Justice has his way. On this side of the House we are cheering for the Minister of Transport (Mr. Marchand), who seems to have a better grasp of the situation. I hope he wins the fight going on in the cabinet. If the Minister of Justice has his way there will be a phenomenal rise in the cost of production, yet he is piloting this bill through and asking us to forgo a COLA clause.

This bill should be given thorough study in committee, and farm associations should be called to give evidence. We should see whether Unifarm of Alberta thinks it is a good contract, and hear what the National Farmers Union of Canada has to say, although I am not a particular fan of theirs. The Palliser group, which has a strong base in the riding of the hon. member for Regina-Lake Centre, should be consulted.

If parliament passes the bill as it is now, heaven help the people who represent the farmers. Can they go back to their ridings and tell the farmers that they did not know about such a thing as a COLA clause, or did not know that the cost of production was going to increase? We cannot claim to be so blind to the inflation that is rampant. All we are asking of the government is that the farmer be given the same right as everybody else. They will do their share to increase production without increasing inflation. The agricultural industry in no way contributes to inflation and should not be asked to accept a seven-year contract that does not have a COLA clause. That is just poor business.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I want to take part in this debate because it involves the grain industry. Sometimes we are inclined to forget that this industry has helped to make Canada great. The changes that have occurred in the past two years indicate that the grain industry is going to assume a greater part in our national life than it has in the last 20 years. We have emphasized our manufacturing industry and forgotten how important grain, especially wheat, is to the country.

Technically, the bill deals with a relatively small area of the industry, that of ratifying the two-price system; but I think we should take the opportunity to find out what the government has in mind for the wheat industry. We need to know what is going to be done to assist the producers and those who handle wheat on the way to world markets. The bill follows hard on the heels of the abortive settlement the government imposed on the grain co-operatives owned by the million farmers on the prairies—a settlement particularly biased in favour of the grain handlers on the west coast. As an aftermath of that settlement we now have the walk-out of grain inspectors and a demand for parity from the grain handlers at the Lakehead. All these extra costs have to be paid out of the world price of wheat, so the cost of moving the grain from the farm to world markets is a very important matter for this House to consider. This bill must be considered in the context of what the Minister of Labour (Mr. Munro) said to the grain handling industry and to the farm co-operatives, so it is important that it be discussed in detail.

The minister in charge of the Wheat Board has made a great point of saying how important it is to assure \$3.25 for

[Mr. Horner.]

wheat milled for home consumption. Six or seven years ago that might have made an impact and would have represented a considerable subsidy from the federal treasury, the taxpayers of Canada. But that was before inflation and was perhaps of some importance in 1968 and 1969, although even then production was declining. One could see fields that were not being worked because the price of grain was too low.

The cattle industry got a shot in the arm because cheap grain was available, but now the cattle industry has problems because the price of grain has increased. With the price of \$3.25 to run for seven years, we are not as well off as we were in 1968 with \$2 wheat. The devaluation of the American dollar and our own in 1973 has meant that the present \$3.25 for No. 1 wheat at the Lakehead in reality brings less to the farmer than the \$2 he received in 1968. In fact, much of the wheat sold does not bring \$3.25, but a considerably lower price.

The increased costs of production make \$3.25 seem like a pauper's penny. For instance, a pail of the herbicide Avadex cost \$59 in the spring but now costs \$83. So the government is not committing itself to doing much by guaranteeing \$3.25 for 50 million bushels of wheat. Also, they show no evidence of being willing to introduce a COLA clause. With inflation running at 12 per cent, the government could promise at least \$6 at the end of the next seven years.

● (1720)

On the other hand, the government is taking from producers of No. 1 milling wheat a substantial amount of money to subsidize the consumers of Canada. The mechanism for doing this is to be set up. I am not one who believes that food subsidies in the long run ever solved anything. I appreciate that violent fluctuations in the cost of food, shelter and the necessities of life can wreak great havoc. For instance, the former Heath government of Great Britain was highly criticized because it allowed coal miners to extract higher wages and then protected the consumer with coal subsidies.

Certainly, the government wishes to mitigate violent swerves in the cost of living and in the cost of certain essentials. Therefore, I do not take issue with the government for paying out of the federal treasury the difference between \$3.25 and \$5 as a consumer subsidy to relieve hardship. In the long run, if subsidies continue for too long and encompass a wide range of food products, a reduced production of food will be the result. It is important for that \$3.25 figure to bear some relation to the farmer's cost of production and to what grain is worth on world markets.

I object to the producer of No. 1 milling wheat being made to accept less than the going world price for his produce. The difference runs at about \$1 per bushel at present, and the total loss could be between \$50 million and \$60 million in one year. That the loss is to be borne by the producer of No. 1 milling wheat is unfair. We are not fortunate in my riding to produce much of this grade of wheat, even in good years, and this year has been unusually bad. It may be desirable to compensate the producer of No. 1 milling wheat with higher prices. As it is, that producer, under the present program, may receive less