

country could expect to survive under those conditions.

This is precisely the situation with which we are faced. There will be years when income will not be at the same level as the previous year, yet farmers cannot even attempt to catch up with the average income in urban communities. Not only can they not catch up but the increased cost of production will decrease their average income. In the absence of an acceptable formula, the proposals suggested in the bill are unacceptable. The suggestion continued in the amendment before us is valid and I urge the government to adopt it and show that they appreciate the needs of western grain growers.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, on June 2, 1968, in the city of Winnipeg the Prime Minister (Mr. Trudeau) outlined the need for economic improvement in western Canada. When he outlined this program he was not particularly interested in grain sales generally; he was interested in the income from grain sales on the basis of individual producers. He said at that time:

Variations in world cereal supply-demand give rise to year to year fluctuation in Canadian grain sales and farm income. These fluctuations create difficulties for grain farmers in making forward operational plans. To meet this problem, the government will immediately involve all interested parties in the development of a self-sustaining program of income protection for western cereal producers. Various alternative systems are possible, and farm leaders have suggested several variations. The basic concept is a program under which farmers could be provided with minimum income assurance against declines in prices or marketings.

The Prime Minister went on to say:

Resolution of this problem will be sought in sufficient time to bring in legislation to permit implementation of a program early in 1969 should it be required.

• (9:10 p.m.)

The purpose of the amendment is to create such a program. The purpose of motion No. 1 is to change the proposition that the government has put before us for stabilizing grain sales in general to stabilizing grain sales income per farmer.

As my hon. friend said, everyone knows that if a labour union is bargaining for its employees, it looks forward rather than backward in setting the contract. In looking forward I am sure that no union would negotiate on the basis of the total amount of money which accrues to the local in a given category, but would be interested in providing sufficient income to each individual to maintain his standard of living, taking into consideration the expectations and the history of cost of production increases and cost of living increases.

We are not doing that under this bill. What we are doing is taking all grains and putting them in one pot. We are saying that if the total sale value of all the grains that are designated in this bill—that is, the major six grains in western Canada—is higher than 90 per cent of the value in the past five years, then no money will be paid out. If it is lower in a given area, then there will be compensation.

Prairie Grain Stabilization Act

The farmers in western Canada are saying that the grain producing industry is in serious difficulty. They are saying that the grain industry is in difficulty for a number of reasons. Farmers in western Canada have mechanized their farms at great expense. This government has allowed them to borrow large sums of money for the consolidation of farm units, including a large interest payment on the consolidation loan. The government has assisted them in buying machinery and in the sale of their commodities. They have reached the stage at which they have to meet the costs, and they have a limitation in the number of bushels per acre which they can produce although this has increased radically in the past 20 years. They are now faced with the proposition outlined by the government that if they accept this bill they will be tied to the gross proceeds of the sale of the six major grains in western Canada.

If farmers find themselves in a difficult situation and decide to keep some of their land in forage and some in summerfallow and that to keep up their gross sales they have to produce wheat, they know that their costs will go up considerably. At the same time they will be able to produce by increasing the volume and the gross sale value of the commodity which they have. This will inevitably result in a situation that the Liberal government has been trying to achieve for years, that is, to consolidate the farm force until it is no longer a political force, to divide it into small numbers on large acreages so that it is no longer a problem to the party. This will be the inevitable result of this program unless amendment No. 1 is accepted.

If the amendment is accepted it will relate the actual increase in the cost of production of a given commodity and the contribution that will be available on that amount. We hear of farmers in western Canada averaging an \$800, \$900 or \$1,000 a year net income. This is difficult for an easterner to understand. Some old age pensioners have been living on that amount of money and have been paying income tax on it. It may be that farmers in western Canada would be able to survive on it, but it seems to me that if they do not take in their costs of production, if their net income is so low and we are asking them to make a contribution on their gross income, money that they may never get, they will not be able to survive.

One of my colleagues tells me he has 1966 grain still in the barn and he is not sure what its grade is or what its value is. He has no foreseeable opportunity of selling it. The amount of contribution coming out of the proceeds of his grain sales bears no relationship at all to the amount of money that he will have to pay. It seems to me that if the Prime Minister was right in saying that we should be able to work out a stabilization program which would take into consideration farm income, then this program should be geared to the net proceeds of grain sales in western Canada. If a farmer decides what he wants to sell his grain for, then there might be an argument for gross sales. We would then be operating under a capitalist system where the strong would survive and the weak would disappear. Perhaps that is the