

*Prairie Grain Stabilization Act*

As a direct result of world market conditions over which he has no control and little possibility of predicting or anticipating, plus heavily subsidized competition from other exporters, the prairie grain producer has undergone, and continues to undergo, this vicious and disastrous shrinking of his income. We must insist that improved support of the level of farm income among prairie producers, and continuing, major support to prairie income from the federal government in face of present and prospective world conditions, is a necessity.

It must be recognized that this bill is clearly designed to place definite limits on the federal obligation to support prairie income, even in the face of chronic income inadequacy.

It is also a policy which has as a major objective the protection of the prairie and national economy—the businessman and the farm supplier—from the impact of sharp income fluctuations. It would be a great fallacy to view it as anything else.

Consider that the likely federal financial obligation under this policy (which includes the termination of the Temporary Wheat Reserves Act with no replacement of it by an alternative and better national storage reserve stocks policy with federal sharing of costs) is less than has been undertaken by the government through the Temporary Wheat Reserves Act alone in the course of the last 15 years.

Consider that there is no government recognition or undertaking, as we understand its attitudes, to assume direct responsibility for protecting the level of farmer returns through minimum price guarantees, although some element of such a policy could be introduced in the context of the Act on a two to one federal-producer sharing of the cost.

Consider the consistent refusal of the federal government to introduce an adequate two-price system so that farmers could gain from the domestic marketplace some semblance of an adequate price for grains used by Canadians for human consumption. The federal attitude that such a system could in some sense be regarded as a federal subsidy to the farmer is absolutely false and insupportable.

I should like to repeat those words. The federal attitude that such a system could in some sense be regarded as a federal subsidy to the farmer is absolutely false and insupportable. The Federation's statement goes on:

Consider that in the early years of application of this policy, at least, grain receipts are starting at such a low level that there is likely to be little or no stabilization payment to grain producers to supplement their income. Instead, that level will be further reduced by the 2 per cent levy on their gross.

Consider that unless major and more generous efforts are made to extend crop insurance effectively across the Prairie provinces, the termination of P.F.A.A. will add yet another element of loss and uncertainty to the prospects for many producers.

Consider that inflation can, and probably will, unless special provision is made to compensate for it, continue to erode the income position of grain growers, offsetting and more than offsetting any benefits of the stabilization proposal.

The plan as proposed in the bill goes only a small way to meet the federal responsibilities as we defined them to the Canadian Agricultural Congress in our position paper of that time. Commenting on the initial proposals of the Hon. Otto Lang for a prairie grain receipts stabilization plan we stated these responsibilities to be as follows:

1. The national responsibility for government sharing of costs of adequate reserve stocks of grain to meet market needs.

This is one of the major bones of contention. It is necessary for the welfare of our economy as a whole, and especially of the agricultural economy, that adequate stocks of grain should be on hand at all times to meet world market demands. They should be available for quick movement. This supposes the existence of a

positive storage plan, and I do not think the farming industry should be called upon to bear the whole cost of such a storage program. I find myself in whole-hearted agreement with the position taken by the Federation of Agriculture. The Federation's statement goes on:

2. The national responsibility to protect the farmers' prices when these are especially depressed as a result of competitive subsidization, and world surpluses in relation to commercial demand.

3. The national responsibility to reasonably protect farmers and the business community from excessive fluctuations in receipts from grain.

4. The national responsibility to compensate farmers for the chronically low level of returns to grain growing as a result of rapidly rising productivity in the industry, and world market conditions.

5. The national responsibility to return to farmers a fair price for grain used for human consumption in Canada.

These are some of the recommendations the Federation has to make:

1. The "transitional" payment must be made immediately and not be made conditional either upon acceptance of the rest of the bill as it stands or upon its rapid passage.

2. Aside from the "transitional" payment, the bill is not acceptable as it now stands. While supporting the principle of a stabilization policy, the Federation position is that the following minimum modifications to the policy are required to make it acceptable:

• (12:10 p.m.)

(a) Replacement of the Temporary Wheat Reserves Act (which we agree in its present form does not best meet the needs of the marketing system) by a new national grain reserves stocks policy, with federal sharing of costs. We propose the federal government share in the costs of carrying necessary reserve stocks of grain by paying carrying charges annually, for the full year, on about 400 million bushels of all grains, at the rate of one-half cent per month for storage and one half of the interest costs involved in carrying the grain.

(b) A change in the calculation of the stabilization payment by adjusting the five-year average upward by the amount of inflation which took place over the period.

Then follow some tables to illustrate the situation. I shall not bother the House with them but they reinforce my argument.

3. We propose that in view of the present very low level of prairie farm income, and the extreme difficulty grain farmers are already having in making ends meet, that in the initial five-year period of operation of the act at least, at which time review is provided for, that the federal-producer contribution ratio to the stabilization fund be three to one and the producer contribution set at  $\frac{1}{3}$  per cent.

4. We propose that the amount of stabilization payments, in their aggregate, which may be made under the legislation, be included in the calculation of the five-year average of grain receipts. By this we mean that any stabilization payment will be included in the five-year average, attributable to the year on account of which the payment is made.

We think it is consistent with the stabilization objective to include stabilization payments in the grain receipts totals in calculating the five-year average. The stabilization payments received by individuals should not and need not be included in the three-year average calculations.

5. PFAA should not be phased out in any area until availability of crop insurance is ensured. We recommend that provision be made for a more adequate sharing of administrative and premium costs by the federal government, under the crop insurance program, and major efforts be made to ensure general