

On July 31 of last year, the minister reviewed the fruits of his exhortations and said:

With present prospects for a high level of production this year, particularly in wheat and barley, I am expecting we will set new records in the movement and export of these crops—

Canagrex should be able to take care of or take advantage of the basic, solid transportation system which was established by the efforts of the Canadian Wheat Board and other agencies involved in the transportation of grain.

What kind of relationship does the government have with the grain industry? It may be the same kind of relationship which the government will have with Canagrex. If the government, as it suggested, changes the Crow rate, what will happen? The answer is simple. Farmers will be paying substantially more to move their grain; they will cut their losses by growing less; they will apply less fertilizers and less chemicals; they will plant less seed and will harvest less. Production will drop. The target of approximately 30 million tonnes for grain exports, which was not so easily attainable a couple of years ago, will go by the board. This is not what the government wants, but it is what it will get. Those of us who have fought to keep the Crow rate will recognize these factors. Those who have fought to take away the Crow rate will have succeeded, but at the cost of reduced exports and reduced incomes for western Canadians.

Before such a momentous step is taken, we should take a good look at the trust we have put into government legislation, legislation which will pass the Canagrex Act. In 1925 the rates were made statutory and were established. It was an economic act which was of benefit to Canadian farmers, the same way as the Railway Act gave the mineral rights on thousands of acres of land to the Canadian Pacific Railway.

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What happens if this Crow rate is changed? What happens, for instance, to things such as the livestock industry? It is often touted that livestock production is an alternate to the production of grain. If the production of grain is reduced, so will the production of cattle be reduced. If the government were so rash as to adopt the measure produced by Carl Snavely in his latest update of grain movement, livestock production would have to increase by 350 per cent to offset the grain losses in western Canada. This is a very poor joke to those who are now in the livestock business in western Canada where oversupply and low prices have put that industry in long-standing difficulty.

A major part of Canagrex has to do with the processing, the packaging and the storing within the industry. Again, time will not allow me to elaborate on this, but the minister has said that they must be prepared to the extent that Canagrex would go into these phases. We must look into those to the extent to which money will be spent on processing when we examine this bill in committee. Where will that money come from? Will it come from the producers? The government is putting very little money into Canagrex. As the hon. member for Elgin pointed out, it is so little money that it will be very difficult for

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Canagrex to operate. In order to build up its financial resources, where will that money come from? Will it come from the producer? If that is the case, we will be doing a disservice to the group that we are pretending to help.

Who will guarantee that Canagrex will not follow the lead of Eldorado, another federal Crown corporation, and spend almost \$90 million to upgrade its operation? In the last five years, Eldorado has spent \$88.7 million to upgrade its operation, and just a month ago it cashed it in. Where did that money come from? It came from the taxpayers. If this happens to Canagrex, where will the money come from? It will come from the producers.

The hon. member for Elgin also did a most adequate job of pointing out the shortage of funds from the minister's minimum standard when he originally set up the bill. There is a great danger that the corporation may attempt to reach those minimums with money from its operation. If that happens, it will be at the expense of the producer. Unfortunately, the structure of Canagrex lacks any original relationship with the producers of the products it intends to sell. Only normal commercial relationships will apply. Unfortunately for Canagrex, many other companies, often substantially more expert in their ability, are already marketing farm products.

Further, Canagrex unlike the Canadian Wheat Board, cannot offer producers advantages of price pooling. Therefore, it cannot ask the producer for commitments of a locked-in supply. Canagrex must compete with other suppliers in the export trade. Since the corporation will have no locked-in supply, it will not be in a position to offer anything for sale. It will have nothing to sell, except in those areas where there are new products being put on the market. In those areas there will be new processes and volumes will be small. Canagrex is designed to be small-time forever and ever. It will have to compete with people who are already in the field.

Canada must compete with the sale of new products, but it is hardly a way to establish Canada as a leading exporter. In addition, the lack of agreement to promote single desk selling and price pooling could very well lead to the abuse of the producers that Canagrex is supposed to help. Agricultural production is often cyclical, particularly in thin markets. For example, the price of rapeseed rose enormously from less than \$2 to more than \$10 in 1972-1973.

Where in this legislation is there any guidance given to Canagrex to share those windfall profits with the producers? I find none. Where in the bill does it demonstrate that Canagrex can be more than a trading company that is backed by the government? Again, I find none. Where in this legislation does it demonstrate, after the prolonged gestation of the bill, that Canadian farmers should regard Canagrex as a friend in the way that the Canadian Wheat Board is regarded? Again, I can find no such guarantee.

On the whole, although the idea of Canagrex is good, there is no way that we as Members of Parliament can allow it to become law without some assurance that Canagrex protects the people it is supposed to help.