

Government Orders

probably wonder about the implications of making this major change to the way the western grain sector is supported.

To my friends on the government side and to my good friends in the Reform Party and in the Bloc, I encourage those endorsing this initiative to articulate what the implications would be of this major change. How will this affect the future of western grain farming?

Before we proceed as Parliament with agreement on this provision we should have a clear understanding of whether this will or will not cause difficulties. My colleagues and I believe very strongly this will not be in the best interest of western grain producers. We will be hearing some of the reasons in detail, particularly from those who represent prairie constituencies.

I appreciate the opportunity to bring forward these amendments in hopes of retaining what I think every grain farmer felt was a sacred trust.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, once again, I am pleased to participate in the debate on the transportation of western grain.

Most of the amendments now being discussed concern the compensation to be paid to western producers since, by the year 2001, the preferential Crow rate applied to the transportation of western grain to the main points of export will be abolished, as will the Crow rate itself.

• (1705)

The government is trying to transform a grain transportation policy which has been in effect since the end of the last century into a western agriculture development and diversification policy. The Crow rate has been an issue for many years. Many attempts were made to abolish that tariff system dating back to the 19th century, but no consensus was ever reached on how to do it.

Eliminating the preferential rate has the effect of triggering a decrease in the price of western grain. Consequently, abolishing the preferential Crow rate on grain exports provides a competitive advantage to western beef and pork producers. According to various studies, that advantage is estimated at somewhere between \$8 and \$15 per metric tonne of western grain. So, by triggering this \$8 to \$15 decrease in the price of a metric tonne of grain, the elimination of the Crow rate destroys the competitive balance between the western and eastern economies, which are respectively based on grain and livestock production.

The abolition of this transportation tariff provides a competitive advantage for western pork and beef producers, who will be in a better position to compete with their Quebec, Ontario and even international counterparts.

During the numerous debates that we have had in recent years concerning the Crow rate farmers in Quebec, Ontario, the maritimes and some in the prairies and British Columbia said that they accepted this fact. The accepted the fact that abolishing the preferential rate would have an impact on the local price of grain in western Canada and that it would change the balance.

If my memory serves me well, even in Quebec, the Union des producteurs agricoles was saying in 1982: "Abolish the preferential rate, stop paying hundreds of millions of dollars a year to maintain this rate structure and we are prepared to accept the fact that such a measure will lower the local price of grain and will thereby help increase livestock production in Western Canada". And now, not only will the reduction in the local price of grain help increase livestock production in the west to the detriment of eastern producers, but the government is telling western producers that it will compensate them for the elimination of the Crow benefit, that it will give them \$1.6 billion tax free in transition payments, which is more like \$2.2 billion.

Not only has the government reduced local grain prices thereby encouraging livestock production in the west, but it is giving western producers \$2.2 billion based on the farmland they own, and that goes for grain producers as well as for beef and pork producers. It is ridiculous to abolish a transportation rate structure and, at the same time, to give compensation payments that will serve to subsidize western economic diversification and the development of livestock production.

It makes no sense that this part of the bill provides for the payment to western producers of \$2.2 billion, when 24 per cent of this money, which is federal, comes from producers in Quebec. It makes no sense that these subsidies are being handed out so that western pork and beef producers can compete with our producers in Quebec. In any event, there are many who say that that is not how they see the federal regime. It makes no sense at all.

Those who are sceptical about the effect of this approach on the production of pork and beef in Quebec need only look at what happened in Alberta in recent years with the Crow offset, a policy that my Reform colleagues probably know all about. The result was a 10 per cent annual increase in Alberta's pork production with a policy that was almost identical, but that was provincial in scope.

• (1710)

So that is clear. We are saying that this policy is inequitable. It is inequitable because it disrupts the balance between the east and the west and, in addition, gives western businesses a competitive edge over their eastern colleagues, particularly those in Quebec.

If at least some thought had been given to the effects of this subsidy on eastern producers and some sort of compensation considered for eastern producers, had the funds been available, that would already have been a slight improvement. Furthermore, it has been estimated that just abolishing the Crow rate