

Wheat Payments

There is another thing that will add to the farmer's costs in the years ahead. Farmers will have to haul grain farther and they will have to build more storage facilities to store additional grain at home. If they produce more, they will haul it farther, using bigger trucks, and they will require more storage facilities at home. Many of the elevator companies will have to face a rationalization period. If the minister has his way, with something like 1,700 miles of railway track abandoned in his province of Saskatchewan—

An hon. Member: He doesn't care.

Mr. Horner: An hon. member says the minister doesn't care. I would like to think that he does, but I wonder how much he cares. In any event, I envisage a great modification and rationalization program being necessary in the grain elevator business. Over 50 per cent of the wheat in the province of Saskatchewan is handled by the Saskatchewan Wheat Pool, which is the farmers' own company, so this really means the money comes out of the farmer's pocket once again. This means an added cost in carrying on the farming operation.

In addition, when one thinks about hauling grain farther, one must think of the roads, and the taxes which farmers have to pay to maintain them. If anyone suggests that \$3.25 covers the cost of production today, surely he cannot say that it will cover that cost tomorrow, because nothing lies ahead but increased costs.

A few years ago we heard the oft quoted phrase in the House of Commons "the cost-price squeeze" in relation to farming problems. We then had a period of six to eight months during which international prices actually shot up and went ahead of the increase in the cost of production. A few farmers were able to build up their inventories of new machinery and new equipment to assist them better in the field of agriculture. However, costs are rapidly catching up. The cost of fertilizer is up 300 per cent, the cost of crop sprays is up 300 per cent, and the cost of twine is up 300 per cent. In this context, one wonders what has happened to the price of agricultural commodities. I suggest they have not increased by a comparable amount. Statistics Canada show the index of farm prices of agricultural products for the month of June as being 211, compared to 100 for 1961. In 14 years the price of agricultural commodities has just about doubled, whereas in the last year farm production costs increased threefold. This gives some idea of the rapid increase in the cost of equipment which farmers must use.

Let me make it abundantly clear that the purpose of this bill is to bring about lower food costs for the Canadian consumer. A portion of the subsidy to bring about lower food costs is being paid by the government, which they take out of everyone's pocket, while the other portion is being paid for directly by the farmer. I suggest that the government is wrong in doing this. If it decides that politically it should lower the cost of food, then the cost of that decision should come out of the pockets of all taxpayers. While the farmer loves his brother, the great consumer, he feels no special obligation to work on his behalf. He feels he should pay his taxes and be a good citizen. But if the government makes a political decision, it should not make the farmer pay; all taxpayers should pay.

[Mr. Horner.]

In view of the fact that according to this bill we are entering a seven-year agreement, let me establish beyond any doubt that the purpose of the bill is to lower food costs; and we do not put any trust in the \$3.25 floor price, because it will come down if world prices come down. The situation has ever been thus. This government will find a way to lower it, just as it says it will lower the Durum price from \$5.75 to \$3.25 as soon as the international price drops below that figure.

Let us compare a similar piece of legislation in the United States. On June 20, 1973, the House of Representatives passed Bill 8860 dealing with a support program in respect of the production of various grains. That bill was not intended to lower food prices but, rather, to create a guarantee so farmers could produce enough grain. In that bill the support price changes; it is indexed to the price paid by farmers for goods and services to produce their products. Interest rates, wages, and so on, determine what that index will be. As the index goes up and as the cost of services farmers have to buy goes up, so the support price goes up. This starts off, in respect of wheat, with a support price of \$2.05, to be adjusted each year through 1977.

One can go back and read the committee report to find that it was not a unanimous decision, but it was certainly a decision taken by the committee in respect of support for grain. I see nothing wrong with that indexing principle being adopted by this government in this bill, if the cost of production continues to go up and surpasses the \$3.25 figure. I might point out, in respect of the \$3.25 figure, that any farmer who happens to be reading today's *Hansard* will wonder about the figure because all he gets when he delivers his grain to the elevator today is about \$2 a bushel, depending on the delivery point. We are encouraging him to believe he will receive a final payment. He will this year, but whether he will next year or the year after is difficult to determine. With the increase in the cost of transportation being borne more and more by the farmer, there will be less and less in the kitty for him.

Recently, in western Canada, the minister announced that he was going to do away with the Crownsnest pass rates. What will this mean? Let us take 100 pounds of wheat as an example. That 100 pounds of wheat moves from Regina to Vancouver at something like 26 cents. The comparable rate now used in the United States is in the neighbourhood of 96 cents. If one takes the \$2 a bushel the farmer now receives at the delivery point, and chops it down by using the "Otto Lang" freight rate, that pretty well cuts up the \$3 figure, without taking into account the other increases in cost of production to which I have referred. Otto has big plans which will increase the cost of production through the movement of grain. He is reluctant to allow this bill to be amended in order that indexing can be applied, allowing the \$3.25 figure to go up as the cost of goods and services to the farmers go up. That is being done right now in the United States with regard to a variety of grains. I am only suggesting that it be done with wheat under this bill.

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In the United States, Bill 8860 deals with wheat, corn and a number of other commodities. There is nothing new in this idea. I would not want to try to convince the minister that I am advocating anything new. It is a well