sold. However, this plan proposes to treat gross return to the farmer as his income. The farmer is being told that the plan will stabilize his income and that it will do so by comparing one year's gross receipts with another year's.

If the plan had used net receipts as its basis, as the Manitoba plan requested of the government, then it could claim to be an income plan. But it does not do so. It leaves some very wide gaps between actual cost of production and what the farmer may receive for his grain. This is its basic shortcoming. We are moving these amendments in order to try to meet such shortcomings, but it is very difficult to get them accepted. The programs being eliminated by this legislation are ones that use as a basis the farmer's net income. This was the case with the Temporary Wheat Reserves Act which saved the farmer a certain amount of money that he will now have to pay in terms of storage.

The Temporary Wheat Reserves Act was put through the House by the late C. D. Howe. I do not suppose that many people would regard C. D. Howe as a Santa Claus, but he brought in a program that he and the government of the day thought was needed in order to meet a situation then existing, one which was not very different from the situations we have experienced from time to time since where there has been a slowdown in grain sales and we have had to carry a fair amount of grain. During the committee hearings, since no figures were provided by the department we sought to draw some from the witnesses who appeared before us in regard to what it would cost to store grain. I recall one witness saying that it would probably cost the farmer a minimum of ten cents per bushel for storage as a result of the elimination of the Temporary Wheat Reserves Act, a program that has been in effect for some 15 years.

Since no other program is being put in its place, we do not know what machinery the government is going to use in order to ensure adequate amounts of grain are in store in order to meet market demand. No undertaking has been given by any government agency that this grain will be kept in store. Pressure will be put upon the Wheat Board to store the least amount of grain possible and undoubtedly there will be times when the Wheat Board will be caught, as a result of such pressure, without sufficient grain in storage. If some kind of storage program had replaced the Temporary Wheat Reserves Act, this over-all plan might have been more acceptable.

The same situation arises in connection with PFAA. Under the net income and cost of production aspects of the program it is planned to set a 2 per cent levy on the farmer's total income, and this at a time when it is well known that the farmer's net income is being subjected to a great deal of pressure. Indeed, as a farmer he is under a great deal of pressure. Part of this 2 per cent levy the farmer may have refunded to him at a future time, depending upon the government's contribution. I suggest it is strange that we should make a 2 per cent levy on an industry that from all accounts has been placed in a difficult financial position. This would amount to a fair sum of money if the net income of the farmer—

Mr. Deputy Speaker: Order, please. I do not want unnecessarily to interrupt the hon. member, but it seems to me that the Chair has a responsibility here. If I am in error, I know the hon. member will be able to point out the error to the Chair. With respect, he is talking generally about the plan. The two motions that are under review deal with the section that interprets grain sales proceeds and also refers to the determination of prairie grain stabilization payments. In view of this, I do not think the hon. member should range as far as he has.

• (8:50 p.m.)

Mr. Gleave: When I am talking about the 2 per cent which it is proposed be taken off the gross sales, this inevitably relates to the net income of the farmer and his costs of production. It also relates to how well he can meet those costs of production. If you take 2 per cent off his gross and it amounts to 8 or 10 per cent of his net, which I suspect would be the case in situations where there is a net income, this will adversely affect his production costs because the amount which is being taken away from him could be used to pay taxes which are and have been an increasing factor: they could be used to pay for his depreciation on machinery and for replacement of machinery and to pay gas and oil bills.

The 2 per cent which this bill proposes to take away from the farmer could be used for all these things. It is to be placed in a stabilization fund where it will be out of reach except in years when the two lines on the graph happen to meet. When the two lines of the gross production graph for the previous five years and for the production of one particular year happen to cross, then some of the 2 per cent which has been taken away from the farmer will come back to him. In the meantime, however, he will be bearing the production costs and by the time the lines of the graph meet he may not still be on the farm.

I am always prepared to take whatever admonition may come from the Chair, but this deduction is relevant to the farmer's production costs and, more than that, it is relevant to his very existence. Two briefs were presented to the committee, one by the Federation of Agriculture and another by the National Farmers Union, both of which bear heavily on this point.

It is for this reason my amendment stands on the order paper. When these organizations presented their opinions to the committee they raised these matters. I have attempted to put them in a form acceptable to the House so that we may place before hon. members the point of view presented by the National Farmers Union and the Federation of Agriculture. They had quite a lot to say about this matter. On page 12 of its brief, the National Farmers Union had this to say:

> Bill C-244 is industry and market oriented. Philosophically it embraces the concept of volume marketings at whatever price is attainable. In this sense there is no price or income stabilization for the individual producer. Bill C-244 contains no compensating provision to the farmer to offset rising production costs. This is a requirement for income stabilization.