

Two-Price Wheat Act

A study was done by the grains committee of the Saskatchewan department of agriculture. It showed that approximately \$160 million was lost by Saskatchewan producers over the past three years because of the use of the open market for the marketing of feed grains. If we had perfect markets, which we never have, theoretically that should represent a reduction in the cost of food for consumers of about \$160 million. When you are aware of the kind of economics that play in the grains industry, you very quickly see that that did not happen. Rather than reductions in production costs of those industries that use mill feeds, there has been a greater concentration and build-up of feed mill capacity shifts in ownership, particularly in the production of hogs, especially in the province of Quebec where marketing boards were not a factor in the marketing of hogs.

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Packing companies with their feed companies subsidiaries moved in to take advantage of the possibility of lower prices because effectively grain offered on the open market is distress grain. Prices are usually under pressure, and instead of purchasing grain through the Wheat Board where the board offers the product on behalf of the farmer and is in a strong position to argue about price, we have degenerated again into a position where individual farmers are attempting to make their own deals in competition with each other. Of course the price is depressed as a result.

The two factors combined have meant a considerable drop in income to farmers who live in the Wheat Board area, and we feel the whole situation could have been handled better had feed grain marketing remained under the Wheat Board and realistic guarantees been given on the consumption of grain in Canada.

We would propose that the subsidies be reimplemented. There is no real saving to be made by the government or the people of Canada through their abolition. We believe the open market for feed grain should be disbanded and that the Wheat Board should be put in control, not just because it provides better incomes for producers but for a whole range of reasons we cannot go into on this occasion. I have in mind factors which relate to the marketing, transportation, handling, allotment and movement of grain.

We think consideration should again be given to the original concept of the two-price system—instead of a floor and a ceiling within a range presented to the House every three or four years, annual negotiations should take place between the government, or an agency of government, and the farmers, to work out an acceptable cost-price formula for each year. The grain would then be purchased by millers. We think this would be in keeping with the market situation which exists in Canada today and that it would be more in harmony with the original idea of the two-price system as conceived by farm groups and others 20 or 30 years ago, and that it would be fairer to both producers and consumers.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, I rise today to speak on Bill C-6, and particularly to reflect the view that in the scale of wheat one of the most important things to which

we need to pay attention is that in the whole field of agricultural production, farming and farm people are not given the attention in the market place that they ought to receive. It is fair to emphasize that invariably, in any country, fisheries, forestry, and agriculture are given bottom priority in terms of government expenditure or attention. It is neglected in this way despite the fact that yesterday 12,000 children under the age of five died of starvation and that today another 12,000 face the same fate, and tomorrow yet another 12,000.

We live in a world where at the present time four-fifths of the population are suffering from malnutrition. I am sure it is shocking for most Canadians in this rather affluent society to learn that some 70 million people in the world suffer from permanent and irreversible brain damage due to a lack of protein in their diet. So when we talk about farmers and wheat the first thing we should recognize is that the farmer is a businessman in the business of food production and there are only two sources of food in the world; one is soil and the other is water.

Traditionally those of us who have a prairie background used to think of wheat prices as running parallel to oil prices. The price of a bushel of wheat was roughly equivalent to the price of a barrel of oil. Those who remember the days when we got three dollars for wheat will recall that a barrel of oil also cost approximately three dollars. As the price of oil increased, so did the price of wheat. When oil cost four dollars, wheat cost four dollars, and things continued that way until the recent past when the separation between oil and wheat prices widened very rapidly. But the price of oil has gone up to something like \$35 a barrel on the world market, while the price of wheat remains at between five dollars and seven dollars. This has meant an extremely sharp increase in import costs in the farm community in the area of chemicals, land values, machinery costs, labour costs and so on.

Of special importance is the increase in the cost of capital. I am not blaming the government, in particular, for this, but the interest rate situation at the present time puts pressure on the farming community, and we should all be aware that while farmers are in receipt of an income which is more or less fixed in terms of the prices they receive, they are unable to control the costs they must undertake in order to do their job adequately.

I have before me an interesting notation taken from a recent copy of the *Edmonton Journal*, a newspaper somewhat west of *The Ottawa Journal*. We learn that to pay for ten ounces of instant coffee at current prices a farmer has to sell 150 pounds of wheat. To buy a loaf of bread, which takes hardly more than one pound of wheat to make, he has to sell 13 pounds of wheat. When he leaves his automobile to be repaired, for one hour of shop time, let alone the cost of the parts, he has to sell about 600 pounds of wheat which is enough to make some 500 loaves of bread. If he has to spend an hour, not in your chair, Mr. Speaker, but in the dentist's chair, he finds he has to bring three tons of wheat as the equivalent to the price of the service he is getting. It is very interesting to consider that in the hypothetical loaf of bread costing 25 cents it would still cost