

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, June 16, 1978

Time: 2:30 p.m.

BILL NO. 29 — THE COMMODITY FUTURES ACT

MR. SPEAKER: Bill No. 29. The Honourable Member for Lac du Bonnet.

MR. SAMUEL USKIW: Mr. Speaker, in rising to speak on Bill No. 29, a bill having to do with the commodity exchange system in Manitoba, I want to first of all make the observation that the Minister had indicated that his primary concern in introducing this kind of legislation had to do with the need for public protection and you know everyone should want to favour legislation that deems to protect the public interest. Of course, in the course of his comments, Mr. Speaker, he dealt with the problems that have arisen with respect to certain commission agents and intermediaries between investors and brokers in Manitoba which he described, in some instances, were actually scandalous results or acts involving crime and scandal or whatever. Certainly we don't want to have that kind of thing occur.

But, Mr. Speaker, I really hesitate to support the legislation because of one major flaw in that the Minister did not address himself to the problems of the Exchange itself, that who was to say that the Exchange is working in the public interest and is it properly controlled by legislative bodies is the question that arises. This bill, of course, doesn't deal with that matter at all, Mr. Speaker. This bill assumes that if we left things in the hands of the Exchange and that they were the policing authority, in order to protect the public interest, that that indeed would be satisfactory.

Well, Mr. Speaker, one can go over many examples over the years where the commodity exchanges in North America have caused many problems, have created havoc in the marketplace, have in fact had very negative impact on primary producers, grain producers, in Western Canada. This is something that isn't dealt with with this legislation. I question, Mr. Speaker, the value of having a commodity exchange, in fact, if one was to put the proposition that there should be laws against commodity exchanges, I think that would be a fairly reasonable suggestion. I know that I probably cannot convince the Member for Brandon West that we pass an Act abolishing or outlawing the commodity exchanges but I certainly want to draw to his attention that there is much to be desired in the method of operation of the commodity exchanges here in Canada, particularly because they have not been regulated over the years as they have, for example, in the United States where they have very substantial powers under their investigative body which is the authority of government itself. Here, we have an association, Mr. Speaker, it's a club, a group of people who are making very important decisions that do affect the well-being of many thousands of grain producers on the Prairies, and that is where the public interest should centre, Mr. Speaker. What is in the interest of the majority of our grain producers in the Prairie Region or in Canada for that matter. That should be of paramount importance to legislators, not only here in Manitoba, but in every province of Canada and certainly the Government of Canada should be preoccupied with that concern.

So it is really not the scandals — the Minister for Consumer Affairs — that I address myself to, but the major scandal, Mr. Speaker, and that is the scandal of how commodity exchanges have disrupted the marketplace and caused massive instability in the pricing system with respect to grains marketed in Western Canada and indeed in North America. That is the scandal, the No. 1 scandal, and the authorities in both Canada and the United States somehow have not been able to adequately deal with that problem.

The whole question of the exchange could be termed a question of whether they indeed should exist and whether government shouldn't move in the direction of phasing them out. If I would have my preference, Mr. Speaker, I would suggest that we should move in that direction. Now I know we can't do anything, at least not a terrible lot, provincially, it has to be a national consensus to arrive at that position. But somewhere it should begin. We should move to the idea of more organized and more orderly marketing for our grain producers in Canada.

I think one of the most startling problems that I can point to is the recent changes with respect to the marketing of grains in Canada brought about by the Minister in charge of the Canadian Wheat Board, the Honourable Otto Lang. It was really the pressures from the Commodity Exchange that brought about, at least they were partly responsible for bringing about the diminution of the powers

of the Canadian Wheat Board, where we now have a marketing system from which we escaped some 30 or 40 years ago by the choice of the farmers who had made their decision by way of referendum from time to time.

We have here a system where we have lost, Mr. Speaker, a stability in price and equity in terms of delivery opportunities through the off-board marketing of grains in this country over the last four years. Part of that is due to the pressures put on the Federal Minister by the Commodity Exchange people, who would really like to see the Canadian Wheat Board out of business, and we'd be back to square one.

We are not far from that position, Mr. Speaker, because the Wheat Board now has jurisdiction only over Red wheat and that is a very severe limiting factor on their operations and indeed on the well-being of our grain producers in the Prairie Region. I believe it is something that should have not been done without a consensus of producers to take the other grains out of the jurisdiction of the Canadian Wheat Board.

You know, Mr. Speaker, we can read many examples of what has happened with respect to the operation of the Commodity Exchange system, and I have here a July 1st copy of the Canadian Livestock Feed Board Report and it talks about the bottom falling out of the soybean market, and it places the major cause not on the supply and demand factors, but, Mr. Speaker, it places the cause on external market influences. The idea of cornering the market on commodities by certain large companies in the United States, some of whom have been brought before the courts and the issues have not been resolved to date.

And that this indeed, Mr. Speaker, demonstrates that these kinds of manipulations in the marketplace can have very devastating effects on the income levels of our primary producers here in the prairie region. That is the kind of thing that I would hope that the government of the day would be concerned with, with respect to what is in the public interest with respect to the commodity market and whether it should indeed exist, or shouldn't; and what changes we would recommend in order to improve our economic well-being as a whole. This kind of evidence demonstrates that there is nothing in the commodity exchange system that gives stability and assurance to the producers of grains in the prairie region.

You know I have an example here and I think members opposite, the rural members, would probably recall this one, it had to do with the pricing of rapeseed. In September 1976 the Saskatchewan Wheat Pool street price for rapeseed ranged between \$242.50 per ton and \$214 per ton. The average was about \$233, Mr. Speaker.

At the same time the average May futures price for rapeseed in store at Thunder Bay was \$243 per ton, which translates into a street price of \$221.00. Well, Mr. Speaker, that's a futures price lower than the then street price.

A farmer who would take that commodity exchange at face value would obviously assume that the best decision he could make would be to market that product in September as opposed to next June, that's the kind of message you would get from the quotations in the commodity exchange if you take it at face value.

The unfortunate part about it is, Mr. Speaker, that not everyone is sophisticated enough to see through the quotations and to try to interpret them and to understand the full impact of the market mechanisms that are in place, to make a decision somewhat independent of the influence of the commodity exchange.

So if you follow through, Mr. Speaker, to the situation in May you find that the price went up to \$344.80 on May 4, 1977. The reverse of what may have been expected if you looked at the futures market in September of 1976; a difference of \$130 per ton. So that's a good example, Mr. Speaker, of how people can be misled in the marketplace and the mischief that can be played with respect to the decisions that farmers have to make in the sale of their product, in the management decisions with respect to the marketing of their product. That, Mr. Speaker, is indeed a very serious thing, because here you have a differential of \$130 a tonne as between September and May, but the indication in September was that it would be the reverse, that one would be better off to sell in the fall, in September. Anyone having interpreted that particular report in September in that way would have had a loss of that magnitude per tonne delivered. So that is something that we should not refuse to look at, as this Bill does, Mr. Speaker.

The Bill doesn't deal with the operations of the Commodity Exchange whatever, it deals with people who are fly-by-night operators, you might say, people who are not part of the Exchange system, people who are middlemen, as the Minister calls them, or commissioned agents.

The Bill should be expanded to deal with the Commodity Exchange System in itself in order to give greater protection to the general public, if indeed we must have the Commodity Exchange. —(Interjection)— Well, the Member for Gladstone suggests we must have it. Well, if we must have it then it should be responsible to someone in the public arena. It should be responsible. . .

MR. FERGUSON: To people that are involved in the trade.

MR. USKIW: . . . to the government, Mr. Speaker, of either provincial or national level. In terms of Manitoba's situation, yes, the Securities Commission would be a reasonable agency that could supervise the operations of the Winnipeg Grain Exchange, the Commodity Exchange. That makes a lot of sense, Mr. Speaker.

I have here a press release dated August 20th, released from Manitoba Pool Elevators, Mr. Speaker; this is 1976, August 20th, and I just want to read a paragraph: "Manitoba Pool Elevators has consistently held that the present rapeseed marketing system is a disaster to the farmers of Manitoba. We have consistently advocated marketing of rapeseed by the Canadian Wheat Board, Mr. Moffatt said. We have for many months been forced to handle rapeseed at a loss because there is no orderly method of moving into market."

That is just one example. . .

MR. FERGUSON: That would be the biggest disaster that ever hit the producers in this province.

MR. USKIW: That is one example, and it is given to us by a very reputable company, a farmer-owned company. There must be some 50,000 members involved with Manitoba Pool Elevators.

Now, Mr. Speaker, if we examine the history of the Commodity Exchange we find that the first act of incorporation took place in 1891. In 1891 there were some very interesting figures and personalities who were part and parcel of the Exchange at that time. One of them was, of course, none other than Rodmond T. Roblin, who later became the Premier of this province. That was in 1891, Mr. Speaker, when the first act of incorporation took place in this province.

Mr. Speaker, in 1908 at the time that Roblin was Premier. Somehow the government of that day saw fit to bring in some regulatory power over the exchange, some control, and they had introduced an amendment assented to on February 26, 1908 and it had some six major areas of regulatory power introduced to the legislation or to the Act. I think it's worthwhile going over some of them because it does indicate that there was some concern even at that time that there had to be some public control over the operation of the exchange.

Now, Mr. Speaker, for example it was suggested in these amendments that the Exchange shall immediately after passing any proposal or by-law publish the same in The Manitoba Gazette, I think that's an important provision. "The public should be aware of the decisions that are being made at the Exchange that may affect the public one way or the other. Any decision could have a negative effect, or a positive effect but the public should be aware of what the decisions are at the Exchange."

Then it went further to say that such by-law must be submitted to a prothonotary of Court of King's Bench — King's Bench at that time, Mr. Speaker — for approval, so all of their by-laws had to be approved. That's very interesting, we don't have that in the present bill before us. There is no requirement.

Rules and regulations proposed must be also approved. Admission and expulsion of members, there's provision for that. It said, "The Exchange shall admit as members to all its privileges including the right of voting such reputable person or persons as make application therefore and may expel any member for good cause." And then there's an appeal provision on expulsion.

"Members may delegate right to trade to any reputable agent, officer or employee. The said Exchange shall admit any reputable firm or corporation to the trading privileges of such Exchange and so on." They couldn't maintain a closed shop or a club approach. They would have to allow anyone to become a participant in the Exchange.

And then there's an appeal for refusing to allow a person or a firm. "Books and documents of the Exchange to be produced for inspection by the Minister of Agriculture. All restrictions as to prices, commissions and agreements with agents forbidden except as to commission as between members. Public to be admitted to overlook trading and see prices posted." Entrance fees were limited. At that time there was a ceiling of \$2,500 in entrance fees. One wanted to become a member of the Exchange they couldn't assess him more than a \$2,500 fee. And that's a very important point.

"Numbers of members not to be limited." Now that's a more responsible approach if we must have an Exchange. Now, it doesn't mean that I agree with it that we should have, but if we're going to have one, then we should have a little more control of what is going on, Mr. Speaker.

Now, in 1938 that particular piece of Legislation was repealed and I don't know why it was repealed. I find it unfortunate that it's not possible to dig up old speeches that were given in this Chamber in introducing the Act of Repeal, but there must have been some interesting speeches on that subject at that time. It would be interesting to know whether the repealing of the Charter had to do with the subsequent introduction in the House of Commons of the Grain Futures Act in 1939. One could only assume that there may have been some connection between the repealing

of the provincial provisions and the introduction enactment of the federal provisions under the Grain Futures Act of 1939.

But, you know, the Minister for Consumer Affairs suggests to us in his comments that one of the reasons why he doesn't want to get into extensive control of our commodity exchange here in Winnipeg is because there is a degree of national control and he is, of course, referring to this piece of legislation, The Grain Futures Act of 1939.

But I want to take a moment to deal with that, Mr. Speaker, because if you look at the record, the 1939 legislation was never acted upon and not enforced until 1976. There were no regulations passed pursuant to the 1939 federal statute until October of 1976. I'm advised that even since then, there hasn't been any visible enforcement or surveillance of the operations of the exchange, even since the filing of the regulations of October, 1976, that there hasn't been any effective work being done with respect to enforcing the legislation and protecting the public interest as the national Act suggests that they would be doing, that the overall public interest must be looked at and that it may be from time to time required to send in inspectors to receive the reports of those inspectors and to intervene in the operation of the exchange if it becomes necessary, in fact, even to set the margins in a number of other important provisions.

Now, Mr. Speaker, if the application of federal statute was meaningful, if they were doing a thorough job of protecting the public interest, then, of course, I may not be here making these comments but I think to the extent, Mr. Speaker, that there is room for provincial involvement, supervision of the commodity exchange, then we must have a much stronger piece of legislation than what is now before us, Mr. Speaker, because Bill No. 29 doesn't adequately deal with the overall public interest. I am not satisfied that we are out in the legislation to protect some individual transaction or parties involved in an individual transaction, my interest is in protecting the overall community from the operations of the commodity exchange if they may be detrimental from time to time, and cornering the market on a commodity is one such concern. As a matter of fact, in the United States, I recall not too long ago that the Commodity Futures Trading Commission had to take very strong measures to force companies to unload some of the product that they had cornered in the market because it distorted the market so badly and that it was in the public interest to have federal intervention in the United States to bring the marketplace back into a reasonable position. So it's not as if we have people making decisions in the Exchange that affect only themselves, positively or negatively, Mr. Speaker, but the decisions that are made have a much wider effect and could have a very damaging effect on the whole of the grain trade in North America, in Canada and which could have serious income effects on our producers here in Manitoba.

The second point that the Minister raised as his reason for not wanting to embark on a more extensive supervision of the Commodity Exchange is the fact that his government is still restrained, they are still in a position of not being able to find funds for extra staff that might be required if they were to undertake a supervisory effort over the Commodity Exchange in Winnipeg, that their present staff, the Department of Consumer Affairs, would not be able to handle the extra workload. Well, Mr. Speaker, if it does take two or three more staff, or half a dozen, and their particular involvement results in very positive benefits to the public of Manitoba, then I consider that not to be a cost, I consider that to be a major profit, an advantage to the people of Manitoba, it's not then a cost. It's only a cost if they are not needed, if they are not needed and they have nothing to do. But if they are there protecting the public interest and from time to time their intervention does indeed improve the position of the income of our grain producers or provide a better degree of stability in the grain market through their intervention, then of course it becomes not a cost but an advantage, a profit, to the people of Manitoba.

The costs are insignificant in any event, Mr. Speaker. We are really testing the question of restraint when we talk about being concerned about establishing supervisory capability within the Consumer Affairs Department because of the cost of two or three people. You know, if you followed that logic all the way, then we should lay off half of the police force because we just cannot afford to enforce the laws of this province. In fact, I believe the Attorney-General has added to the police force. He wasn't quite following that particular logic.

So, Mr. Speaker, I don't accept that as a reasonable position that (a) we shouldn't get into it because the Federal Government is into it to some degree, even though they are not doing anything, they are not enforcing their Act. But even if they were, there are huge gaps which could be filled by the Province of Manitoba, even if the federal people were to a degree enforcing their Act and their regulations. (b) Of course, the other, that we can't afford to do it. That has to be nonsense, that has to be nonsense, Mr. Speaker.

Mr. Speaker, I think that we would be well advised, we would be well advised if we are not prepared to move into more stringent control, then we should take the opposite position and that is move to make commodity trading illegal and to place all of our grain marketing in the hands of a public authority under the Canadian Wheat Board and we would not have the instability in pricing that we have had, at least to the extent that we have had it, and we would not have the inequity in terms of delivery opportunity.

Because we have witnessed, we have witnessed in the last year, Mr. Speaker, we are in fact currently witnessing a situation where off-board grains have occupied the place of quota grains yet to be delivered. It's not what the intent was of board marketing when it was set up many decades ago.

It's obvious that the whole of western Canada is not happy with the present arrangement either. There are complaints from every sector. The livestock sector is not happy with the present arrangement. The farmers are not happy with the present arrangement. If you look at what is taking place, Mr. Speaker, you find that the Wheat Board is quoting its off-board corn competitive feed grain prices at Thunder Bay far in excess of what the farmers are getting paid for off-board grain here in Manitoba, far in excess.

So somebody, Mr. Speaker, is obviously ripping off the producers of western grain. Somebody is ripping them off because we are supposed to be on a corn competitive market with respect to off-board feed grains in Canada. The Wheat Board is quoting the corn competitive price in Thunder Bay every day, and our farmers are taking a massive discount from that price that is set, or pegged by the Canadian Wheat Board based on Lang's so-called corn competitive system.

A MEMBER: Well, didn't he say this before ?

MR. USKIW: Well, not quite in that way, not quite in that way. We have now had the benefit of three or four years of Lang's disaster policy in grain marketing. We have already reaped the so-called benefits which turn out to be disaster year after year. It's not as if we haven't had the experience.

What is the logic of marketing grain below corn competitive prices? Can anyone explain the logic of that to me? It's got nothing to do with supply and demand factors because the corn competitive factor is supposed to be the best formula, and it isn't working. Prairie farmers are taking huge discounts in any off-board sales from the corn competitive prices quoted by the Canadian Wheat Board. So something is drastically wrong with the open market in grains in western Canada, and this bill doesn't deal with that, Mr. Speaker.

This bill merely tries to deal with the so-called fly-by-night operator who may catch — as the Minister would call the less sophisticated investor — off guard. That one to one relationship is what he is trying to deal with in this legislation, when the problem is so massive.

When we find that the income levels of farm people are away down from what they were a few years ago, and the fact that they are taking these huge discounts on their off-board grain sales and they have a commodity exchange system, that may from time to time — it doesn't always do that — but may from time to time have a negative influence on grain prices as has been demonstrated many times before depending on the manipulations that take place in the market. Yet this Minister is not dealing with overall massive problem. He's dealing with very minute problem situations; bit of housecleaning for the benefit of the little club that operates in Winnipeg without having to be responsible, an operation that is not responsible to the Legislature, to the Minister, to anyone, but which is operating under the so-called supervision of the federal statute which hasn't been enforced since 1939.

So there is much to be done, Mr. Speaker, and it's my intent to proceed into Committee, to recommend that we do proceed into Committee, and at that stage to be prepared to introduce amendments that would at least put some teeth into this legislation on the overall operations of the commodity exchange. And if we're unable to do that, then of course it's useless effort, Mr. Speaker, so I suggest to the Minister that he take a look at the broader issue, the question of how the commodity exchange could affect the well-being of many Manitobans before he proceeds with the final document in Third Reading of this legislation. I would hope he take a good look at that broader question because that is where the problems are, the serious problems, not the ones he is attempting to deal with through Bill 29. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Pembina.

MR. DON ORCHARD: Thank you, Mr. Speaker. Mr. Speaker, I had no intention of speaking on this bill today, and the encouragement by the opposition, particularly the Member for Lac du Bonnet, prompted me to speak this afternoon rather than several days hence and give me an opportunity, Mr. Speaker, to prepare my information better because after listening to the Member for Lac du Bonnet it's obvious that no preparation is needed to speak on this bill. He's just given us the typical national farmer union socialist envy and greed philosophy on the commodity exchange. I do not like the commodity exchange, says the socialist because it might rip me off; I do not like the commodity exchange because I will not use the commodity exchange, says the socialist, and they don't understand, they don't appreciate exactly what the commodity exchange represents in terms of marketing opportunities for the producers, not only of farm commodities for which the former Minister of Agriculture shows so much concern for today, but it provides a marketing and pricing

vehicle for every production facility in the free world — steel, nickel, gold, pork bellies — they're all exchanged in the commodity exchange.

It is through the commodity exchange that we establish a pricing mechanism which, despite what we've just heard the Member for Lac du Bonnet tell us today, which is the best pricing system that is known in the world today. No other pricing system in the world compares better in relating supply and demand, than our pricing system fueled by the commodity exchange itself.

Now, Mr. Speaker, I just want to mention a few of the rather interesting statements made by the Member for Lac du Bonnet, and I might comment to members of the House, that that gentleman was the Minister of Agriculture for this province for eight long years. And what he said today is beyond all credibility for me to understand as a farmer and a producer of this province. And my opinions are not unique; I'm a fairly typical farmer, I'm not one of the giants that the Member for Lac du Bonnet would say are going to corner the market, I am a typical farmer and I know that I need the commodity exchange as a pricing mechanism for me and my farming operation. But if we listen to the former Minister of Agriculture, the man who theoretically was to guide agriculture in the Province of Manitoba, and we hear from him, such little golden goodies as the commodity exchange should be made illegal. Did I misunderstand you? If I did, please correct me. He said that the commodity exchange should be made illegal and that all grain marketing should be through a compulsory marketing agency.

Mr. Speaker, I cannot buy that. I cannot buy that. I don't intend to take too much time belabouring a lot of points here, but take the example of the Member for Lac du Bonnet. I think he used the example of rapeseed in the fall of 1976 in Saskatchewan where, if a producer was reading the market correctly, he would interpret that the market was telling him to sell because given prices were in effect at the time.

Well, okay, maybe the market would tell the man that. And do you know what I would do if I were a farmer in that particular situation? This is what many farmers do today this is how they use the commodity exchange — if I felt the price that I was taking in the fall was the lowest possible price in the year, I would sell my product in the fall if I needed cash flow; I would sell it on the cash grain market. I would take 10 percent of my proceeds from the cash grain market and I would forward sell a futures contract for the month of May. I would buy a futures contract in the fall, at the time that I sold my rapeseed, and I would buy it back in the spring. I would have the best of two worlds. I would have my cash out of my product in the fall and, come May, when I sold my contract back to the marketplace, I would pick up the \$100 a tonne that somebody was ripping off. That is where the commodity market is the only possible vehicle that you can have to enable a farmer to protect himself against the potential rip-offs of the market. —(Interjection)—

The Member for Lac du Bonnet asks how many are doing it. I would suggest that there are more and more farmers every day using the commodity market in the very manner that I am discussing here today.

The Member for Lac du Bonnet also makes a number of allegations against the commodity market. He says we have this potential evil in the commodity market of some group, or some individual, who is a massive purchaser or seller of grains in the commodity market and can put a corner on the market. Well, obviously the Member for Lac du Bonnet is a little out of touch with the commodity market. A commodity market, as I understand it — I will fully admit to the House today I did not have much time to prepare my facts and figures on the commodity market but I think it is excusable vis-a-vis the information we have received to date.\$

But cornering the market involves doing a major amount of the trading either way — buying or selling on a market. The only way that can happen, gentlemen — the lady has gone out the Assembly — the only way that can happen is if we have what is called a thinly traded market in the Commodity Exchange. There is not very much motion. There are not very many sales or buying going on on any particular time period, and when you have a thinly traded market, you do have a market which is open to cornering.

But, Mr. Speaker, what causes a thinly traded market in the Commodity Exchange? What causes a thinly traded market in the Commodity Exchange is lack of confidence by primary producers in using that commodity market as a vehicle for forward pricing.

What causes the concern among primary food producers in not using the futures market? Well, one very prime example is our socialist friends opposite predicting the doom and gloom in the commodity market and trying to tear down its method of operation.

Mr. Speaker, the more that we hear from our National Farmers' Union friends, from our socialist NDP friends, about the evils of the commodity market, the more they will manage to taint the market. And if we followed them one step further and accepted the Member for Lac du Bonnet's idea that we must control this market to the nth degree, we have to put the heavy thumb of government on it, then I tell you, gentlemen of this Assembly, that that is the time that we're going to have the very thinly traded markets that so lend themselves to the cornering that he fears. He is the

cornerer of the market's best friend because he is going to lead to a thinly traded market that is going to lead to cornering and some of the evils that can take place in the commodity market. But he doesn't understand that. My colleague from Emerson is very astute when he recognizes that the Member for Lac du Bonnet doesn't understand that.

So, if in fact, we do have an absolute distortion of the market, I will venture to say that there are farmers out there — and I don't include myself in that category, because I don't have the wisdom of experience that a lot of farmers have — but you give a farmer some 20 years of experience — and I saw this happen in 1973, when I sat greedily back — I was a Socialist at that point in time; I was greedy, I wanted more from the market. I was envious, and I said that I wasn't going to take \$9.50 for my rapeseed, because believe it's going to go to \$10.00. And one of the young fellows that started farming at the same time I did, his father — the son and I were playing the market — we were going for \$10.00, but the old man said: Well, I've never seen rapeseed at \$9.50, I'm going to take it. And he took \$9.50; he capitalized on that market, and shortly thereafter it went down to approximately \$7.00.

Now, our Socialist friends opposite would say that somebody had a corner on the market, and I may agree with them. I don't know for sure whether anybody had a corner on the market at that particular time, but what I am saying, gentlemen, is that the very astute producer, the man who'd been in the business and recognized the value of this product compared to the market, said uh huh, if there's a corner on the market, I'm going to take advantage of it, and he made a \$1.00 on it. And if there's anything the matter with a primary producer making a \$1.00 out of the commodity market, I want my friend, the Honourable Member for Lac du Bonnet, to stand up right now and say that it is wrong for a producer to take a \$1.00 out of the market if it's being cornered. He won't do it, because he just said a few minutes ago, one of the evils of the commodity market is that it rips off all the farmers. Balderdash. Balderdash.

Another area that the commodity market provides currently for the serious farming community — not the fly-by-night farmers, the would be land subdividers and that type of farmer, but the farmers. The commodity market provides the vehicle which back in January and February, when it's cold outside, and the curling ice is a little bit too tough, it provides farmers the opportunity to sit down and look at what the prices are going to be in July, August and September of the following crop year, and make the decision in January or February as to whether — maybe we should plant flax, maybe we should plant rape seed, Mr. Chairman, or maybe we'll go a little heavier into feed wheats this year. The commodity market is the only possible vehicle available to the farmer today, that tells him what a price of a commodity may be six or eight months hence.

The Member for Lac du Bonnet, he's waving and shaking, and fussing around. But the farmer, in January or February — and I say "may" be able to predict the price of the commodity — If he is satisfied in January or February with the price he can arrive at in the fall, he can sell the crop then, before it's even in the ground I he's afraid that somebody's got a corner on the market in the September future, he can sell his product in January, on the September future, and capitalize on that corner of the market.

But what the problem is— and gentlemen, I don't think we'll find any disagreement on this side of the House — what happens and what is the major criticism of the commodity market, it comes from that venerable section of the farm economy, primarily the National Farmers Union, where they say, uh huh, it's evil; it's evil because I sold my grain in the fall when it was \$2.00 a bushel for wheat and in the spring it could have been \$3.00 a bushel; somebody stole a dollar a bushel on me, and I'm mad about it. But what the problem is, what the problem is with that farmer in the fall, that National Farmers Union chap, what he didn't tell us is that in the fall when he sold it for \$2.00, he was bloody happy to get \$2.00 and he was going to take it because he figured the market's going to go down, and I'm going to take \$2.00 and run. But when the market goes the other way, oh, crocodile tears, cry, cry, cry and what I say holds true what I said in the initial remarks in my presentation. What I said, if in the fall you have the grain in the bin and the price isn't to your satisfaction and you fully believe the price is going to go up, you can sell that grain, take your cash out, invest 10 percent in the futures market and take your higher price in the spring whenever you think it's going to be higher and you get the best of both worlds. You name me one other marketing system that provides that kind of protection to the primary producer and I'll gladly support him. I'll gladly support him. —(Interjection)—

So in terms of forward planning, there is no other vehicle, there is no other vehicle in the free world which provides a better method for forward planning —(Interjection)— In the free world, yes, I stress the free world. The Member for Lakeside is quite correct. I stress the free world. There's no other marketing mechanism in the free world which provides protection and forward planning other than the Commodity Exchange.

Let's consider this huge unknown beast that's obviously unknown to the Member for Lac du Bonnet this unknown beast called the Commodity Exchange. Now the Commodity Exchange, he has

these fears that it's going to be cornered, that it's going to rip farmers off in the fall and then have the price go up in the spring when they've sold all their grain, so grain traders make the profit, etc., etc. Well, I maintain that the only time that the commodity market, gentlemen, does not work to the advantage of everyone involved is when that commodity market is thinly traded, when it is not used. And the reason it is not used is because we have our socialist friends saying it is evil and wanting to put more controls on it to cause it to be used less and less, and destroy its very function. From that standpoint alone, I give my honourable friend from Lac du Bonnet extreme credit. He knows what he is doing when he is suggesting we need more controls on the commodity market. He knows damned well that he is going to destroy it if he puts more controls on it. And when he destroys it and it doesn't work, he can say, "Uh-huh, I told you. The commodity market doesn't work." After he has laid the controls on it, after he has stifled it into the ground, then he is going to say it didn't work. Of course it didn't work, with his kind of controls and regulations and the aura he would like to put of deceit and strangeness on the commodity market that he would like to put on it. Naturally, it may not work.

But we are not going to get tied up in our socialist friends' idea of what is good or bad about the commodity market, because I believe on this side of the House we have a certain amount of common sense involved in our legislative planning and I give the Minister full credit for bringing in this Commodity Act, because I think he recognizes fully the potential of the commodity market in terms of a forward-pricing vehicle, in terms of a price-stabilizing vehicle. And when I say price-stabilizing vehicle I'm 180 degrees away from the Member for Lac du Bonnet, because he . . . would like to tell us that the commodity market has caused the greatest instability in the market ever, the greatest instability there is, and little does he know that this magical, this very magical marketing agency, this compulsory marketing agency, that he would have all grains in Western Canada sold through, and let's call it the Canadian Wheat Board, just for a name, let's call it the Canadian Wheat Board. If the Canadian Wheat Board solely handled every bushel of grain in Western Canada, would anyone like to tell me how the Canadian Wheat Board is going to establish a price in September of 1978 on 10 million bushels of wheat that they are going to get paid for in September of 1979 from Russia, because Russia can't produce enough grain for themselves. How are they going to establish that price? What are they going to use? They are going to use the Chicago Commodity Exchange to establish their price.

So what our friend from Lac du Bonnet would like to have us do is remove the Commodity Exchange from Winnipeg, drive it into the ground, eliminate the trading, have more commodities taken off the Exchange, and eventually close the Exchange down, and bring in compulsory marketing which, gentlemen, would rely solely on the Commodity Exchange of Chicago, the Grain Commodity Exchange of Chicago, the Grain Commodity Exchange of Rotterdam, or a grain commodity exchange in the free world to determine at what price it should sell its grain some months hence.

If he disagrees with that, then gentlemen, he truly doesn't understand what the commodity market means to.... the National Marketing Agency of the Canadian Wheat Board. Because they use it, they use it every day, and how can he sit back in his pious seat and say, "We should eliminate the Commodity Exchange," when the very agency that he holds his heart throb and his last breath on, the Canadian Wheat Board, relies on the Commodity Exchange to determine their forward pricing.

Now, you know we can consider that other great marketing system, Mr. Speaker, that other fantastic marketing system that we know in the world today, that is in Russia. Now, what did consumers of bread do in Russia last fall? Why, hell, they stood in line, they stood in line to buy bread, because they didn't have enough production in that vast agricultural land. . .

MR. SPEAKER: Order please. I would suggest to the Honourable Minister of Highways that he retire to the lounge.

MR. ENNS: I defer to your directions.

MR. SPEAKER: When you are finished your cigarette you can come back. The Honourable Member for Pembina.

MR. ENNS: You are right on, you are giving me a good lesson here today.

MR. ORCHARD: Now let's consider that other marketing strategy that the world knows, namely, the Communist system in Russia, where there is no Commodity Exchange, and what we have there

is, as I understand it, and I know that friends opposite could tell me better how it works, but I believe that their marketing system involves a group called the Politburo deciding on the basis of five-year plans, how much production there should be in year five of the planning, "You must produce the grain!" And that is as simple as it is.

Now if it fails who pays? If it fails, who pays? Well, if this system in Russia does not live up to the expectations of the Politburo who suffers? Who suffers? Well, the consumers in Russia line up for bread. The country of Russia digs into their gold reserves and they go on the International Grain Market and they buy from countries such as Canada, United States and Australia, who happen to have a reserve or a surplus of production. So who really benefits from their reserve? And what happens? There is no pricing mechanism in Russia, there is no pricing mechanism to determine what efforts in agriculture should go towards the production of what commodity. We can take wheat as an example or we can take beef. Take beef as the prime example. We have got a commodity futures exchange in beef right now that has served North America for a number of years. Now in Russia they don't have any such thing. But then there is this other problem in Russia, they don't have any beef either.

Now, I don't know whether it would be fair to correlate the commodity market with the surplus of beef in North America, no commodity with no beef in Russia, but it makes me a little nervous when the Member for Lac du Bonnet tells us that we should eliminate the Commodity Exchange and establish a state-controlled marketing agency which will determine how much we are going to grow and sell. I disagree, it doesn't work in Russia. It might work in his envisagement of what Canada should be but it sure won't work in my envisagement of what Canada should be; it sure won't work in mine.

Now, here's the classic one. The Member for Lac du Bonnet is berating the feed marketing system that we enjoy. . . Well, okay, I will retract "enjoy" for the benefit of the Member for Lac du Bonnet. I will replace "enjoy" with "have available to us as a choice." Okay? Now, the Member for Lac du Bonnet is berating that feed grain marketing system right now, today, at this point in time. He is saying that the Lakehead corn-based price on feed barley is way over what the producers on the prairie are getting, what the street price is to the farmer and the elevator that I haul to at Altamont. You know what, gentlemen, I hate to admit this — I agree with him. There is a big spread between the street price in Altamont and the selling price in Thunder Bay. Now what I don't know, what I don't know — maybe the Member for Lac du Bonnet can help me — what I don't know is who established the tariffs in the handling. Was it the grain industry? Was it the Canadian Wheat Board? —(Interjection)— Now the Member for Lac du Bonnet says it isn't either of them but I would venture to say that he doesn't know what it is except he's going to come back with his cliché: The evils of the commodity market did it. The devil made them do it, it's the evils of the commodity market, that's what he's going to tell us.

But I would like to draw the attention of the Member for Lac du Bonnet to one other situation which I was personally involved with and so was he. As a matter of fact, he was Minister of Agriculture while it was going on.

Now, today, the street price on barley to the farmer is \$1.45 per bushel, give or take a few cents. The Canadian Wheat Board initial price for No. 1 feed barley is about \$1.56 at Altamont. So what we have, Mr. Speaker, is an eleven cent differential in the price from what the Canadian Wheat Board, that system that the Member for Lac du Bonnet would like to have handle all our grain, we've got an eleven cent spread between the Canadian Wheat Board and the feed grain price.

Now, what the Member for Lac du Bonnet will have us believe, and I really hope it's true because I'm going to get rid of some of my barley through the Canadian Wheat Board — what he'll have us believe is that there's going to be a final payment in barley, so that the price spread will be that much greater. Well, Mr. Speaker, I question whether there's going to be a final payment. I question that. So what we've got today, in terms of dollars in my pocket right now, at this point in time, is an eleven cent spread.

Now, I would just like to take the Member for Lac du Bonnet back nine years to 1969. 1969 was the downfall of the democratic society in Manitoba, among other things. 1969, I think the Member for Lac du Bonnet will remember, was the beginning of the big grain glut. —(Interjection)— Sorry, I stand corrected, 1968, thank you. And you weren't even Minister of Agriculture then. Amazing. But 1968, the grain glut came on the market and we had a Canadian Wheat Board price then, if I remember correctly, Mr. Speaker, I think feed barley was selling through the Canadian Wheat Board at roughly \$1.00 per bushel, 95 cents, possibly, but in and about that general area.

Now, the Member for Lac du Bonnet has told us that we should eliminate the commodity exchange, that we should eliminate the feed grain marketing system we have today, and sell our grain strictly through a mandatory government agency. Well, we had that essentially in 1969, and how much barley did they buy from the farmers? The Canadian Wheat Board. They bought some eleven bushels per quota acre. Well, now, it doesn't take too much arithmetic to realize that if you're growing 40 to

50 bushels per acre, you've got an awful lot of grain sitting in the bin. And what happened in 1968 and 1969, Mr. Speaker, we saw barley trading at three bushels for a dollar illegally across the boundaries of Saskatchewan, B.C., Manitoba, the barley was going every place on the illegal black market in grain at three for a buck. Now bear in mind that the Wheat Board price was 95 cents, and that was a price at which you could get a good return, should you be able to sell all your produce. But the marketing agency, the Canadian Wheat Board, could not sell all the grain, and when people, through desperation, because they had to turn a dollar out of their crop, had to go to the black market, they took roughly 1/3 less in the price of their commodity.

Now, we take ten cents less today on the feed grain marketing agency, compared to the Wheat Board; we took a third less nine years ago when it wasn't in existence, and he's trying to tell us that the feed grain marketing service that we have today is not good? Balderdash. He's crazy. He doesn't realize, he forgets what happened in 1968, and that was a black market where the state agency controlled all the marketings in Canada, and look at what we had, 1/3 return to the farmer of the western prairies, 1/3 of the return through the Wheat Board.

Today, we've got less than seven percent differential. Now, I call that a highly responsible, needed and beneficial change to the grain market of western Canada. And what does it do? Today, for a farmer today, it gives him that choice, that word which is so abhorred by the socialists opposite. It gives them freedom of choice. That's what the feed grain marketing system gives to the farmers of western Canada today. He no longer has to go on the black market and sell his barley today at 50 cents a bushel, 1/3 of the Canadian Wheat Board price. No. He can sell it for a discount of eleven cents, and if he is so concerned that the price of barley is going to go up by September or August or December of 1978, you know what he can do? He can sell his grain today for \$1.45. He can buy a futures commodity contract the day he sells the grain at \$1.45, and if that price is going to be \$2.00 in December, you know what he can do in December? He can sell his piece of paper back and he can pick up that 60 cents a bushel.

Could he do that in 1969? No. No, that wasn't available because he couldn't get rid of his grain in 1969 because there wasn't any alternative except the black market, which ripped him off for 1/3 of the price of the grain. —(Interjections)—

I think you know that the Member for Lac du Bonnet, I think the Member for Lac du Bonnet, although he claimed he didn't want to speak on this bill before dinner, probably shouldn't have spoken on it this afternoon until he got a little more information, because everything that he has said today does nothing but tell us that he is a die-hard socialist who believes that you shall not have the opportunity to do anything but what the state tells you to do with what you produce. We shan't have any freedom in the market; we're going to eliminate the commodity exchange as he says; we shall have only grain marketed through the compulsory government marketing agency; there will be no options to the farmer; you take whatever the Wheat Board will give you for whatever they will buy. The rest of it, what do you do with the rest of it? Well, he never thought of that. And he doesn't remember in 1968, when what we did with the rest of it, was sell it at 1/3 of the market value. Today, we have the opportunity to sell it at seven percent less than the market value, and I ask you, gentlemen of the Assembly, where were we better off? Today, taking seven percent less on an alternate marketing system, or in 1968, taking 1/3 of the product value on the black market.

So I don't want to see, ever, in the farming community, the idea put forward by the Member for Lac du Bonnet ever to come to fruition. If ever he were to get his way and have the Futures Commodities Exchange eliminated in the province of Manitoba . . . That cancerous line of thought, may, and I hope not, but may spread even to other jurisdictions, such as Chicago, such as Rotterdam, and if ever, if ever, gentlemen and lady of this Assembly, we end up without the pricing system provided by the Commodity Exchange, I'll guarantee you that we'll be lining up for bread on the streets in Manitoba, we'll be lining up for beef, which we can't buy no matter what the price is, just as they do today in Russia where they have no pricing system.

MR. USKIW: That's nonsense.

MR. ORCHARD: The Member for Lac du Bonnet says, "That's nonsense." I suggest what he told us this afternoon is nonsense. It's a complete lack of knowledge as to the total function of the commodity market, and I maintain, gentlemen and lady, that what he would have us do, in these amendments that he's going to bring forward — and we'll watch them with every due care and consideration when he brings them forward in committee — what he would have us do is impose a greater number of restrictions on the commodity market, in an attempt to legislate it into physical incapacity, so that no-one can trade except the very largest people, and in that type of a market it becomes, what I have said, a thinly traded market, subject to the evils of cornering that he so much fears. He's a breeder, in his philosophy, he's a breeder of the system that he wants to destroy. And that, I think, is the problem of the Socialist philosophy. It looks good on paper, but in practice

it ain't never been thought out, baby, it ain't never been thought out. It's been tried in Russia, and it doesn't work, so, don't tell us that it hasn't been tried. The best marketing and pricing system in the world today exists in the free world through the commodity market. I wholly support the bill brought forward by the Honourable Minister responsible for Consumer and Corporate Affairs, and I, in no way, shape or form support the kind of Socialist idiocy in theory that the Member for Lac du Bonnet has proposed for us this afternoon. Thank you, Mr. Chairman.

MR. USKIW: Would the Member for Pembina submit to a question? Mr. Chairman, I wonder if the Member for Pembina would agree with me, that we amend this legislation to conform with the legislation that is being introduced by Ontario and British Columbia, who are not Communists, but who are introducing legislation to severely restrict the operations of the Commodity Exchanges in those two respective provinces?

MR. ORCHARD: Mr. Chairman, vis-a-vis the facts that have been presented by the Member for Lac du Bonnet in his initial presentation, I would hesitate to comment on the fact, as he says, that other jurisdictions are amending their legislation to restrict the commodity market, so I would reserve comment on what he says until I have seen the bills presented by other jurisdictions.

MR. USKIW: Mr. Chairman, I would ask whether the Member for Pembina would read the Minister's speech, wherein he indicated that British Columbia and Ontario are moving in a large way to control the Commodity Exchanges, and that he prefers not to go quite that far yet. I'm just asking the Member for Pembina, if we moved amendments that would make our bill at least equal to that of those two provinces, whether he would be prepared to support them.

MR. ORCHARD: If it is as the Member for Lac du Bonnet says, more restrictive on the commodity market, no I would not support them.

MR. CHAIRMAN: Order please. Order please. I would direct the honourable members attention to the gallery, where we have 25 pupils from Winnipegosis Elementary School, under the direction of Mr. Terry Saraduk. This school is in the constituency of the Honourable Member for Ste. Rose. I would ask you to join me in welcoming the students.

The Honourable Member for Gladstone.

MR. FERGUSON: Thank you, Mr. Chairman. As always, following the Member for Pembina, it's a very difficult job. He seems to have a little knack of being able to analyze a situation, come forth to the point, and as a judge on the Gong Show, I would say that you'd almost have to give him a 10 on his speech this afternoon. —(Interjection)—!

Well, here again the ignorance of the gentlemen across the way is shown. The Gong Show, 10 is the top, but you fellows would never know, because you reached the top in 1969, and from then on, you're going to go one place, and that's straight down. Just remember that. —(Interjection)—

No, we have no problem whatever, as long as we have young fellows like the Member for Pembina representing the farm community, as against the former Minister of Agriculture, who had his ears pinned back over the last 20 minutes, more than he probably will ever have again, discussing a subject that he had no grasp of, against a person that came forth with the facts. —(Interjection)—

There is really no problem at all. It's always a pleasure to talk to people, but it's also a pleasure to see you get enlightened once in a while. Because the Minister of Agriculture, in his policies over eight years, didn't convince one farm community to vote for him; you didn't bring in one farm seat, you didn't do anything except to try and flap around the farm community. You basically never came on with one program they would buy, always on the other side. —(Interjection)— Well, I'm talking about the seats. The Member for Selkirk can carry on at great length on whatever he likes, but here again the NDP Party, I firmly believe, and the Member for Inkster I think would bear with me, that you have not got a policy for the farm communities. There has never been a government in history probably, spent more money, \$38 million on the cattle industry, and for what reason? — to try and buy votes and then foul it up because of one little clause, "compulsory marketing." — and you know it, you know why you lost it right there.

Now, we're getting back into the commodity exchange, and I don't mind telling you, Mr. Chairman, that this particular crop year, very fortunately, I've had the opportunity of forward selling the first quota on my rape crop, and I'm very happy to have had the opportunity to do that. If we can go back to have the choice of doing that, certainly, we can go back to where in 1970, I believe it was, three for a dollar in barley, under the great and glorious Canadian Wheat Board. And I certainly am not faulting the Wheat Board, no, but there was no other option, there was no other option.

Here again is something that the former Minister of Agriculture could never see, that somewhere along the line there is a market, but you've got to be in a position to take control of that market, exploit it and get your dollar out of it if you can. That is something that you don't know, and you will never know, because you are so tied up in your Socialist ideology, that you could never get off the ground. —(Interjection)— Well, God bless the Member for Selkirk.

We'll take a look at the markets, Mr. Chairman. We now have the option of selling wheat, oats, barley, under the Canadian Wheat Board. On the free market, is rye, rape, mustard, buckwheat, whatever the case may be, but you do have the option. I can contract buckwheat, I can contract mustard, I can contract rape, and I can have a delivery on those immediately. Our granaries are full; they're full of three-utility wheat, which, maybe the Minister of Agriculture doesn't know what it is, but it's a very low quality wheat. The only people that are going to buy it probably are China, maybe India, and maybe some will go to Russia; those great and glorious socialist states that he has always been, you know, so vocal about and. . . —(interjection)— . . . his friends, his friends. Maybe some of it might even go to Cuba, because that again is a great socialist state subsidized by Russia; they seem to have no problem putting about 20,000 to 30,000 troops over in Africa, but this I guess is part of an arrangement.

But getting back to a commodity, you cannot sell a commodity unless you have a market, and you can't make a market unless you've got a buyer. In the grain market there is Liverpool, there is Rotterdam, there is the Winnipeg Commodity Exchange then there is Duluth, Minnesota. All right, so here we go. How many commodity exchanges are there in Russia? Or in China? Why do they have to come out on the world market with probably the greatest land mass that there is of prime agricultural land; there's no greater exploiter of the speculative market than the people I just mentioned. The Russian buyers about two years ago took the Americans for a ride and I expect that they laughed themselves sick; God bless them, because that is part of the game. —(Interjection)—

Pardon? —(Interjection)— Well, the fact is that you can't take the Canadians for a ride, because look, we are facing \$33 million roughly on demurrage charges because we can't deliver a product to a market. Now who is to blame for that? The Federal Government have spent so many dollars buying hopper cars; the whole market system is supposedly upgraded under your glorious system. All right, here we go again. We've never had a boxcar system like we've got now. We've possibly never had a system that should be able to deliver the grain. Are we delivering grain? No! As of the 1st of April, when navigation opened, we were 17 million bushels behind and this represents —(Interjection)— 33 million bushels, I'm sorry, which in lamman's language today, has got to represent \$100 million .

Now the socialist government sits over there and says, well, you know, we're God Almighty, we can do this, that, and the other thing, but immediately we let \$100 million slip through our fingers. It isn't going to come into Canada, because the product wasn't delivered. And it wasn't because of snow slides. . .

MR. SPEAKER: Order, order please. I wish the honourable member would direct his remarks to the Chair.

MR. FERGUSON: Mr. Speaker, I'm awfully sorry. I'll carry on. Getting back before my admonition from the Speaker, there is no way that under our present system, we are getting our product to market. We are passing up the best opportunity that we will ever have in our lifetime, and maybe the former Minister of Agriculture doesn't realize it, but I would like to point out to him that the cost of machinery in the last three years has gone up at least double. Today you can look at probably the lowest grade, I wouldn't say the lowest grade, but one of the smallest capacity combines on the market, and you will be looking at \$50,000; you're looking at \$50,000.00.

All right, we've got to get our product to market; we're not being able to do it. I'm not altogether blaming any particular segment of our organization, but I think we do have to pass on the fact, Mr. Speaker, that during the course of the operation last year, five picketers closed down the CPR mainline — and you can talk about snow slides and everything else, but the grain had to be moved around this. This is one of the reasons that we now find ourselves in the position that we are — and I guess we're going to have to accept the fact — we're second to Italy in strikes, slowdowns, etc. We're not getting our product to market; we, as farmers, produce the product, we can't take the responsibility for getting it to market, you know but I would hope that some of the people that were involved' basically, would go to work and see that things did come, because you can't keep on asking for wage increases without any productivity.

I see my friend, the former Minister of Agriculture, just smiling to himself across the way. But here again we do have our problems as of the present moment — within the next 10 days if nothing breaks, the province is going to be completely shut down by strikes. Now whether this is on the volition of the people that are working, or whether it's on the —(Interjection)— well, we're coming

back, we're coming back to it, Mr. Speaker, it's the age old story, commodity exchange is a market, it's a business. This is what we're talking about, you can't do business, Mr. Speaker, if everyone is striking. And I don't particularly blame the labour unions I don't know so I'll blame the labour unions — as a person, I would. . . —(Interjection)— The Member for Selkirk says the employers are locking people out. Well I expect that possibly they are, but I'll bet you a dollar that if other segments of that particular industry were not being tied up by strikes, I am sure that the employers wouldn't be locking the people out. Even the Member for Selkirk would know that — another business tycoon across the way, you know.

But we'll look at the record of performance from the Canadian Wheat Board or by the Commodity Exchange, or whatever you want to say. The trend today amongst the farm community has got to be away from the cereal grains, it's into special crops. And why particularly would it be this way? The answer, Mr. Speaker, would have to be that we do have the opportunity of forward pricing; we do have the opportunity of assuring some time during the course of the winter months — we can watch the market, we can forward contract, we can lock a price in, we have some assurance that we are going to move that product, and we do have the assurance that as of the first quota we are going to have a buck in our pocket to pay our taxes, pay our fuel bill, pay the rest of it.

Under the Canadian Wheat Board, with the problems that seem to arise, and I'm not criticizing the Canadian Wheat Board to that degree, because I do realize that in many cases there are arrangements on financing that are financed by government, etc., etc., they have to be looked after. But on the other side of the fence, there is the possibility of the opportunity to hedge our bets, to make sure all we have to do is grow that crop.

Today, under our marketing system, Mr. Speaker, it seems to be getting to be the easiest thing that there is, because we find ourselves in the position that we can't get our product to market over the winter months. Alberta and Saskatchewan have access to the Vancouver ports and Prince Rupert; we were told down the line that immediately the Great Lakes became open that our grain would be moving. You tell me, or show me, Mr. former Minister, how many boxcars are sitting in our elevators today? There are 23,000 boxcars in the United States. Now whose fault that is, I don't know, except the Canadian Wheat Board has the allocation of boxcars. And don't tell me they don't because you know that they should have; because they have a commitment to honour their contracts which they are not doing; which you as a Minister should have known, without asking the stupid question you did a second ago. —(Interjection)— No, but I'll tell you something that the commodity exchange had — why then, Mr. former Minister, can I market my rape, and if I can't get delivery of a boxcar, the companies will pay me demurrage rates — then why when I have wheat, will not the Canadian Wheat Board pay me demurrage? Would you answer that?

MR. USKIW: The Canadian Wheat Board is you, that's what it is.

MR. GREEN: If they'll pay you demurrage, they'll pay you. . .

MR. USKIW: They'll take it out of your pocket. . .

MR. FERGUSON: Well, Mr. Speaker, I'm sorry, but you know, I'm certainly involved in business in the Canadian Wheat Board, and I'm quite aware, I'm quite aware of when it comes to spending \$33 million on demurrage, that it's going to come out of my pocket, but by the same token, I would like to ask the former Minister of Agriculture, how much is going to come out of his pocket? He's never lost a nickel in demurrage in wheat. . .

MR. USKIW: Why not?

MR. FERGUSON: Because you never grew any. That would be one reason, wouldn't it?

MR. GREEN: What's the point of being insulted?

MR. FERGUSON: Now here again, we can take a look at what's going on in the beef market. We've had a very quick escalation, a lot faster than what it should have been, and here again you can tie the commodity exchange factor, because you do have the opportunity to forward contract in beef. It's not general knowledge; most producers don't know, and it hasn't been used, but it is an opportunity to still protect yourself on the market. I haven't used it, and I'll tell you one of the reasons. Because I wasn't aware of the fact and probably wasn't smart enough to move it at that time, but it was still there and I could have hedged my contracts, I could have protected myself against a loss or against a profit.

And the basis of the whole bill, Mr. Speaker, is that we as people on this side, firmly believe

that under contractual arrangements, certainly, we agree with the Canadian Wheat Board, but under the options of moving our special crops, and beef — I'll include that also — we do want to, and as long as we're able to insist without becoming involved any more with socialism, that we would like the opportunity of selling our product, hedging whatever we may want to do. The one thing I will basically agree with the former Minister of Agriculture is, that there is a thing called a speculative market. Now I think that where so many people became involved in the speculative market, they were playing the same as you would play a poker game; same as you're playing a stock game; if you have an ace, you think you have something, you shoot the bundle in, you may get burnt on it. There were a lot of people that were involved in the market that thought there was a quick profit to be picked up, and they got burnt.

One thing I'd like to point out to the former Minister of Agriculture, is the fact that you don't have to be a speculator to hedge a crop; you don't have to be a speculator to forward contract, and if you want to take the option of going into a gambling venture, you're not always going to be a winner, and you have to accept that fact. That is something that the former Minister of Agriculture probably didn't know, because he probably never took a long shot in anything in his life, and he probably always wanted to say, if I plant one potato, I want to have a compulsory marketing board to market that one potato that grows three, or whatever the case may be. But this is basically the problem of my good socialist friends across the way. They hate the system of whereby you can go out and try to do some business for yourself; they think that you should be locked in to some supply management issue, whereby. . . —(Interjection)— Well, you can talk about the small producer, the big producer, whoever it is, they all have the same options, they all can protect themselves. Unless you're speculating — unless you're speculating, Mr. Speaker, you are not going to get hurt, not at all. You have some protection, and if you see the time when a market reaches the point where you feel that you have a problem, you can take it, and if you don't see it, you don't have to participate. If you want to sell your barley today on the open market, you can. And what is the quota? —(Interjection)— You're denying it. But prior to that, Mr. Speaker, the Canadian Wheat Board had an illusory price whereby American corn was coming into the eastern feeder states, and we couldn't sell one bushel. Today we have the opportunity at a price to move it and we may have to ; pay our fuel bills may we have to pay our fertilizer bills . . . but we can still get our hands on a dollar. We don't have to go rushing to the banks to borrow money, and if we haven't, we can move it.

Well, Mr. Speaker, I think that I've taken up enough time on this particular issue. This is one of the things I do really have very strong beliefs on. I believe in the freedom of our system. I am not against the Canadian Wheat Board and the rest, but I like the way the thing is operating. The only thing that I would like to basically see, as an individual, that maybe we could, at some point in time, arrive at a position whereby we would, as my Honourable friend for Roblin would say, "this great nation of ours" that we could put forth a little bit more effort into getting our product to market, instead of trying to create divisions, strikes, whatever the case may be, in that and the others. If the money comes into the country, it'll be here to be spent. If it doesn't come in, somebody else is going to take your market. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I guess I'm going to subject myself to the dictum, "fools walk in where angels fear to tread," and I will have to suffer that, Mr. Speaker, because I certainly am not an expert on the commodities exchange, nor have I done a great deal with regard to this bill. My impression was that my colleague, the former Minister of Agriculture, was indicating that there should be some greater public involvement in the way in which the exchange operates, and indicates that two provinces who apparently are British Columbia and Ontario, who the Member for Pembina would apparently say are governed by "socialist idiots."

A MEMBER: Communists.

MR. GREEN: No, Mr. Speaker, I am referring to the epithet, socialist idiocy, as being the motivation which guided my colleague, as indicated by the Member for Pembina. Apparently this was so satisfying to the members on the other side, that the Member for Gladstone gave him 10 marks for his speech.

Well, Mr. Speaker, if the measure of what amounts to a discourse is the amount of insults and expressions of that kind you use and if that's what makes my honourable friends feel happy, then I want to remind them that that's the kind of thing that is indulged in by the very people that they are talking about. I suppose that my honourable friends, on that basis, would give me 10 marks for this address if I referred to them as being the lap dogs of international capitalism, or referred to their actions as being the actions of capitalist hyenas, or words to that effect. That would represent

remarks which should bring desk thumping on this side, but boy, did you have your ears pinned back when I called you a capitalist hyena.

Well, Mr. Speaker, to try to belittle the former Minister of Agriculture by saying that he never sold any wheat, I don't really know whether that matters, or to try to suggest that there are no farmers that have been elected on this side of the House, which again is an attempt to belittle the Member for St. George, the Member for Ste. Rose, to indicate that the Member for The Pas has been elected by many farmers, that the Member for Selkirk has been elected by many farmers, that there are rural people in the province of Manitoba, who I hope one would say one has a difference of opinion with them, without referring to them as "socialist idiots," and still be able to conduct a reasonable debate. Because from what little I heard of the Member for Pembina's remarks, and I was in the gallery for part of them, and in the Chamber for most of the other part, he was making some very strong points for what he called the free market, and the desirability and the usefulness of the free market.

But, Mr. Speaker, to suggest that there is no validity on the other side, and that anybody who advocates any form of attempt to have a more orderly system of marketing, or what is so derogatively referred to by members on the other side, supply management, to refer to these efforts as constituting nothing but socialist idiocy, is to invite, Mr. Speaker, if that becomes the measure of a terrific debate and the pinning back of the ears, invites the retort, as I indicated before when the Member for Pembina was not here, that the members on the other side are the lap dogs of capitalist imperialism, or words to that effect.

Now, Mr. Chairman, I don't intend to indulge in that. I wish to merely indicate to honourable friends that there can be a disagreement, and it's not a new disagreement, without that kind of invective which adds nothing to the debate. If you want to give them him 10 marks, go ahead and give him 10 marks. But you have some problems, Mr. Chairman. The fact is that the rural people of this province, during the '30s, had a great fight about this very point, and it led to the establishment, with the strong support — Mr. Speaker, we are now dealing with a principle. And you know, Mr. Speaker, you can't say that the principle applies in one area and is idiocy in another. You can say that it should not apply in the other area, but nevertheless, the rural people of this country, by overwhelming support, Mr. Chairman, decided that with respect to a certain commodity anyway, namely the marketing of western wheat, wheat, oats and barley, that it would not be governed by what my learned friend, the Member for Pembina, says is the only way of doing things, that it was rural people. And Mr. Speaker, it wasn't without a fight. It wasn't without being called socialist idiots that this thing went through.\$

I remember, Mr. Speaker, that they brought in a lawyer from the United States, by the name, I believe of Aaron Shapiro, and that there were hearings, and that there were plebiscites and there were all kinds of other arguments, debates, that took place over the year,, and resulted in the establishment of the Canadian Wheat Board, whereby the farmers of this country said that they are not going to rely on what is called the unlimited free marketing of wheat, and that they were going to engage for themselves in an orderly marketing system. And the Member for Gladstone recognized the invalidity of his own question. He said, "Why don't they pay me demurrage?" If they paid you demurrage, it would come out of the operations of the Wheat Board, and the amount that they would pay you for your wheat would be reduced, so you'd be dealing with your own money. If they paid you demurrage, isn't your net what they've got after they sell, less their expenses, is distributed to the farmers. If they paid the farmers for demurrage, their expenses would go up, and to that equivalent, the amount that would be distributed at the end would be less.
—(Interjection)—

Well, Mr. Speaker, the honourable member says I haven't got an argument. I am putting it to him that if the Wheat Board paid demurrage, then that would be in addition to their expenses which would be left to distribute to the farmers. —(Interjection)— Mr. Speaker, that could be correct. As to whether the transportation system should have operated better; as to whether the Wheat Board should have got the wheat moved quicker; that could be correct. But the payment of demurrage would be a payment which would reduce the payment for wheat, and the amount that you would get for demurrage would be deducted from the value of the wheat.

But nevertheless, Mr. Speaker, it was farmers, rural people, living in the constituency of the Member for Pembina, that decided that this was a better way to market wheat. And Mr. Speaker, I have heard rural people in this province, because I have travelled a great deal through this province, and I have heard rural people complain about price. I heard the former member, Thelma Forbes, for Cypress at that time, she said the problem that the rural people in this province face is price, and there is something wrong with the pricing system. She was a Conservative, would the honourable member refer to her as a socialist idiot?

In 1956 to 1958 when wheat was selling for less than \$2.00 a bushel, there was a man who went throughout this country, Mr. Speaker, saying, "parity, not charity." I want to know whether the Member for Pembina says that he was a socialist idiot, because he said there was something

wrong with the pricing system, and that the farmers were not getting a fair return for their product, and that there had to be a system whereby the farmer would get parity for the product that he produced and sold in this country, and had a separate price for goods that were sold overseas. That's far from the commodity exchange. But who was this socialist idiot that went throughout the country and changed the complexion, the political complexion of western Canada at that point, which had been in a majority Liberal, changed it so that it has never been changed back again. His name was John Diefenbaker, Mr. Speaker. He was the Leader of the Conservative Party of Canada. He is what my friend, the Member for Pembina says, was a socialist idiot.

Mr. Speaker, there is marketing board legislation on the books that is made fun of by the Member for Pembina' and which, in miniscule, is a great departure from commodity exchange marketing. It is, in fact, supply management marketing. Which socialist idiot introduced that legislation? His name was George Hutton. He was a member of the Progressive Conservative Cabinet. He introduced the natural products marketing board legislation in this House, and was an avowed supporter of marketing boards. The Member for Lakeside — the first marketing board that I saw him administering was the Vegetable Marketing Board. The Vegetable Marketing Board was not set up by the Minister of Agriculture, the Member for Lac du Bonnet. It was set up by what the Member for Pembina would say, is that socialist idiot, George Hutton.

Now, Mr. Speaker, you want to give 10 marks for that kind of performance because a member has been able to walk into this House and call people names? Well, Mr. Speaker, I'm asking for 20 marks, because I intend, on that basis, to call my friend twice as many names, and if that's the basis upon which you demonstrate that you have accomplished a great deal, then my honourable friend should concede that the more insults, the more invective, the more stupidities that I attribute to him, the better my marks should be, and that everybody should thump their desks, and say, "boy didn't we show the Member for Pembina."

Mr. Speaker, I happen to believe that there is a great problem in this area and I don't know that the commodities exchange is the answer to the problem, and I do not know whether orderly marketing is the answer to the problem. What I will say is that I have seen the farmers and the rural people of this province, lend much more support to orderly marketing when prices were low, and abandon orderly marketing when prices are high. So it doesn't depend, Mr. Speaker, on intelligence or idiocy, it depends on what you're getting for the product. And I think that the Member for Pembina should recognize that, that it really depends on what's going on, that in 1957 there was tremendous wheat, port for \$2.00 \$2.00, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Pembina.

MR. ORCHARD: I wonder if the member would yield to a question.

MR. GREEN: Go ahead.

MR. ORCHARD: Thank you. I normally don't like to interrupt, but I think it's opportune at this time. When the Member for Inkster indicates that he doesn't know whether orderly marketing is best or that commodity exchange is best, would he not agree that probably the combination of the system and offering us a choice that we have today is the best system to have?

MR. GREEN: No, Mr. Speaker, I certainly would not agree that the system that we offer today is the best system. I will repeat what I said earlier, and by the way, you can't have, with regard to one commodity, as I understand it, both. You do not have the commodity exchange operating in the same area as the Wheat Board is operating in. And therefore, Mr. Speaker, you cannot have them both existing effectively at the same time, and the people who were for commodity exchange and completely free marketing, were very much opponents of the Wheat Board. In any event, I don't agree that that is the best system.

Mr. Speaker, I'm going to go to a capitalist idiot. As a matter of fact, I really have to put it on the record that I consider him to be one of the most efficient, one of the most impressive, one of the best of all capitalists. Yes, I will refer to John D. Rockefeller. He knew what system was best; he said, no way is he going to be saddled with commodity prices and the free market. No way. He systematically went about seeing to it that he owned all the effective refining institutions in the United States, and then he engaged in supply management, Mr. Speaker. He did not engage in the free market with regard to the sale of petroleum products. He certainly said that that was a disaster, Mr. Speaker, and this was not a socialist idiot. This was somebody who was looked upon as being the greatest industrial giant of the late 19th and early 20th century, and he didn't believe in the free market. He said that the free market was very inefficient, that it resulted in over production, that it resulted in bad pricing and that there had to be a rationalization of the industry and given the fact that no government was going to do it, he did it, and he did it well. And after

he did it, Mr. Speaker, he didn't have to depend upon the commodity exchange.

When the price of refined oil was not as he liked it, he turned off the tap and waited until the demand grew and everybody down the line had to stop producing, waiting for John D. Rockefeller to start selling refined, when he thought the price was right. So, if you want to call that socialist idiocy, be my guest. But it wasn't done by a socialist, it was done by John D. Rockefeller, and, Mr. Speaker, he did it well.

Who was it who came in and said that the price not being right, we are going to have to give an acreage payment of \$200 on the first 200 acres of land, because the commodity exchange doesn't work, and the Wheat Board doesn't work? Neither worked at that time. The honourable member says that they exist side by side and I really will have to discuss it with him to find out how or what he is referring to. But, nevertheless, Mr. Diefenbaker said, the commodity exchange doesn't work, if it was operating; the Wheat Board doesn't work, price is not right, therefore, horror of horrors, the state is going to have to come in, and —(Interjection)— I see, Mr. Speaker.

Well, you know, my learned friends have a very easy way out of every argument. Once it is shown that it's not socialist idiots they are talking about, but Progressive Conservatives, then they say that it was a mistake. I didn't hear the Conservatives throughout this nation saying it was a mistake in 1958. What Mr. Diefenbaker did, and then he enacted, he enacted an Agriculture Prices Stabilization Act, I believe that that was the name of the Act — what did that Act say? That Act said that the commodity exchange doesn't work. That the Wheat Board doesn't work, and that we're going to have something that works.

Mr. Speaker, we have the cattle — you know, the honourable member said that the Minister of Agriculture was a breeder. Has the honourable member not forgotten that you are the breeders on that side, and self-designated by . . . —(Interjection)— I see. Okay. I thought that you had accepted the designation by the First Minister that you were the breeders. But nevertheless, the cattle breeders two years ago, who were at one time, and maybe now are coming back to being among the elite and the greatest free enterprisers in terms of the agricultural community, two years ago, they said that the free market system doesn't work. That beef is selling for between 35 and 43 cents, and they demanded, Mr. Speaker, they picketed, they picketed and came in and said, we want — who do you think that they want? — the state, Mr. Speaker, the state, they want rural people, agricultural people, they came in, don't say "no". They didn't ask for the program that the Minister of Agriculture gave them, no, they asked for a program of something like \$100 per calf, but they didn't, Mr. Speaker, they didn't say we have the best of all worlds, we can sell our calves now on futures, which they could have I suppose. They didn't say that that was the best system, and that anybody who suggests that something else should be tried, was guilty of socialist idiocy. No, they came in and said, would the state please give us rugged, rural individualists who say that the state should not give anything to anybody. Would that state, those socialists, whom we detest and despise, and who we want no welfare from, and who we want no social assistance from, would they please come in and give us a \$100 a calf? —(Interjection)—

Mr. Speaker, no. What the Minister did and said, we will provide you with a system whereby we will level your price. We think, let's see whether or not the Minister was right. Let's see. He said we will try to provide you with a program not of subsidies, because you don't like subsidies, not of give-away, because you don't believe in state control. We will stabilize the price at 47 cents, 50 cents, and we will say that as long as you are getting less than 50, we will have a program where you are to get 50 cents. When you start getting more than 50, the money that you received from the state, will be paid back. Mr. Speaker, the fact is that the price is over 50 cents now. It's 70 cents, and the cattle producers who begged for this money, when the prices were low, now want to keep it when the prices are high. That's how rugged individualists these cattle producers are. They were willing, Mr. Chairman, to take the 35 million, on the basis that they would get 50 cents, but . . .

A MEMBER: \$38 million.

MR. GREEN: \$38 million, yes, Mr. Speaker, that's an interesting figure. We've heard a lot about Saunders Aircraft, which over a period of seven years, employing over 500 people and purchasing commodities from others, had a loss of \$40 million. Terrible thing, Mr. Speaker, but in two years time, a limited number of agricultural producers in this province . . .

A MEMBER: How many?

MR. GREEN: Well, 6,000, Mr. Speaker. —(Interjection)— Well, Mr. Speaker, in two years, in two years, they got \$38 million in handouts, and it wasn't given, it wasn't given in handouts, it was given on the understanding that when the price goes over 50 cents, you will pay back to the state the amount that was given to you in hard times.

Now, Mr. Speaker, that's orderly marketing. That's levelling the price. That's what the Wheat Board tries to do, but what are we finding now? We find the cattle producers, who got \$38 million from the state, are now saying, that although we're making the 70 cents, we're making the 20 cents over the 50, that there is some reluctance in them paying it back. I wonder why, Mr. Speaker, all of these people who say that they don't want any state help, and that they honour their contracts, and that they believe in the work ethic and they have great integrity, well, they're now getting 70 cents. I want, to the Minister of Agriculture now, to tell me at what rate that money is being paid back into the Treasury of the people of the province of Manitoba, because, Mr. Speaker, that was entirely contrary to the commodities exchange. That was something which resulted, not from the farmers reliance in saying that I'm a rugged individualist, times are tough, but the price will go up, I believe in the free market, I don't want any money now. He said exactly the opposite, as he has always said the opposite, Mr. Speaker.

The Member for Pembina should not try to delude this House. The price system has not always been satisfactory to the rural population. As a matter of fact, the price system . . .

MR. ORCHARD: I never said it was. .

MR. GREEN: Well, Mr. Speaker, the Honourable Member for Morden got up and gave this House to believe . . .

A MEMBER: Pembina.

MR. GREEN: Member for Pembina. I keep thinking of Morden Fine Foods. It's on my mind. —(Interjection)— That's a very interesting, genius of the Conservative business administration. It is absolutely the most unbelievable and incredible deal that anybody can make, and probably that's what's been on my mind, but nevertheless, Mr. Speaker, I know that you're going to stop me if I don't stop myself, so I'll go back to the prices.

What the member was saying is that any suggestion that the free market is not the only way of doing things is socialist idiocy, and I marked that down, Mr. Speaker, because, you know, I can take a lot of arguments, and I really thought, I tell the Member for Pembina this, that I enjoyed listening to him. That he was making a good case for the free market and how it can be dealt with and how people can involve themselves in it, and I thought that it was a good speech until, Mr. Speaker, he got to that end. That uncontrollable impulse to add insult, and therefore, he had to describe, Mr. Speaker, anybody who disagreed with him, on this question, as really reflecting socialist idiocy.

Well, Mr. Speaker, the honourable member is going to have to apologize for a lot of socialist idiots. George Hutton was in the category that the honourable member refers to as socialist idiots. John Deifenbaker is in the category that the honourable member refers to as socialist idiots. Alvin Hamilton, is in the category . . . —(Interjection)— Indeed, Mr. Speaker, I am saying it, and I am saying it because the Honourable Member for Pembina, who got such high plaudits from the other side by virtue of his capacity to throw insults, referred to the attempt to engage in orderly marketing as amounting to socialist idiocy, and I'm telling the Member for Rock Lake, that all of the people that I have named, more or less, and with regard to Alvin Hamilton and George Hutton, it was more; with regard to John Diefenbaker, it was less; but certainly with regard to Hamilton and Hutton, they were engaged in what the honourable member describes as socialist idiocy. And therefore, Mr. Speaker, if we are going to talk about prices, and if the honourable member is going to pretend that the rural people in this province have always and will always regard the free competitive price system as being the best way of marketing their commodities, it belies the facts.

Unless the honourable member was born yesterday, and that's all that he knows, and it happens to be at a time of high prices, both with beef and with regard to some of the grains as well, I, Mr. Speaker, met the rural population in great numbers in 1957, and there wasn't a rural meeting that I attended, that they weren't screaming about price. And John Diefenbaker answered that scream by promising parity not charity. And C.D. Howe, in Morris, Manitoba, when a farmer said, and I'm going to tell the honourable member what the farmer said, the farmer was complaining to C.D. Howe, and he happened to be a big farmer and C.D. Howe pointed at him, put his finger into his belly, and he said, "you look" — yes, he happened to be probably the size of the Member for Gladstone — and C.D. Howe poked C.D. Howe's finger into his belly and said, "You look like you're eating pretty well to me." And C.D. Howe said to those people, what the Member for Pembina is now saying, and probably referred to Diefenbaker and Hamilton, who were pleading for some of the things that the former Minister of Agriculture as saying, he probably said, "That's nothing but socialist idiocy."

And the Member for Morden will remember the result. The west was changed. John Diefenbaker won most of the seats in western Canada within 18 months and therefore the rural people did see

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somthing . . .

MR. SPEAKER: Order please. The hour being 4:30 p.m., it's the time when we have to go into Private Members' Hour. The Honourable Minister of Consumer Affairs.

MR. MCGILL: Mr. Speaker, if I interpret the mood of the House correctly I believe there is a disposition to adjourn at this time. Therefore, I move, seconded by the Honourable Member for Rock Lake the House do now adjourn.

MOTION presented and carried and the House adjourned until 2:30 p.m., Monday.