

I think that most farmers, if given a choice, would much prefer to receive their income from the market-place, but unfortunately one could make the case that the international market for grain and oilseeds products is not a market-place. We have to do what we can to support our farmers.

It is even more important that we support our farmers because they are not in difficulty because they are inefficient producers, because they produce an inferior quality product, or because our grain industry has a bad reputation for not fulfilling commitments or executing contracts when we say we will. We are in difficulty because of some foolishness going on in an international subsidy war, largely between the Americans and the Europeans. It is very important that we provide cash and assistance to our farmers in a very difficult time.

The third thing the Government has done is to follow a deliberate policy of selling. Many of us will remember that when we were in a similar situation in the late 60s and early 70s a decision was taken to try to back away from the market and not sell at low prices. The ideal was that if you do not sell when prices are very low the market forces will increase price and you will then be able to sell. That resulted in Canada taking a decision to decrease its production as a result of what was then called the Lower Inventory for Tomorrow Program. In the early 70s Canada cut its wheat production by almost half as a result of a policy encouraging farmers not to produce.

We have taken the exact opposite approach. We think that to back away from the market would send the wrong signal to the Europeans and Americans. We think that our farmers are much better off to sell as much as we can even though the prices are very low. We are better off to sell even at low prices than to back away from the market and not sell at all. If you have grain in your bin and do not sell it, you get nothing for it. If you have grain which you sell, even at a low price, you have some cash flow.

The result has been that in the last three years Canada has increased its share of the world wheat markets. That sends a signal to our competitors, namely, the Europeans and the Americans, that if Canada is able to match the price internationally we are then able to make sales on balance better than our competitors because there is no doubt that we have a very high quality product. Second, our country's reputation for being a reliable supplier and not using food as an embargo, as the Americans have done a couple of times in the past, has allowed us to increase our market share in the last three consecutive years. As I have said, we have been successful in maintaining and increasing our market share.

The fourth thing we have done is one of the most important aspects. We have taken a very aggressive role internationally to try to bring about a solution to the international trade war. The Prime Minister made agriculture part of the discussions at both of the last summit meetings. There is already indication that it will be part of the upcoming summit meeting in Toronto. We have taken a leading role in raising agriculture at the GATT discussions which are now under way. In many

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other areas internationally, where we have had an opportunity, we have raised agriculture as an issue.

I think most farmers would agree that if there is to be a lasting solution to the very depressed international prices it has to come about internationally. We have to back away from some of the trade-distorting subsidies which are causing problems. We must back away from some of the trade barriers that are preventing the free flow of agricultural goods. If we continue the way we are a country of 25 million people will find it very difficult to compete with a country the size of the United States with a population of 235 million or 240 million and with the European community with a population of over 300 million. The federal Treasuries in those communities are much larger than our Treasury.

If we are successful internationally, which must be the real solution to the problem, we will find that a Canadian farmer is able to compete against an American farmer and a European farmer, as opposed to the situation, now wherein a Canadian farmer has to compete not only against the American farmer but against the American Treasury, and not only against the European farmer but against the European Economic Community Treasury.

That is the situation we face. It is a very serious one for Canadian farmers. When we think about grain and oilseeds production we tend to think about the western provinces. That is not entirely the case. Ontario has more farmers than has any other province in the country. Ontario produces as much grain as does the Province of Manitoba. In point of fact, if you list the provinces in order of grain production you find that Saskatchewan is the largest producer, then Alberta, then Ontario, and then Manitoba. There is also grain production in other parts of the country. Therefore, it is not only a western or regional problem but genuinely a national problem and the Government has approached it as such.

The Supplementary Estimates with which we are dealing today confirm the commitment which the Government has to this very important industry at a very difficult time. Passing these Estimates will enable us to put some \$800 million into the hands of Canadian farmers by the end of March which will be very useful in terms of encouraging and assisting farmers to seed crops this spring. Additionally, we will be proposing some amendments to the Western Grain Stabilization Act which we think will be useful in terms of providing support. There are many other things which we have done on the fiscal side. I am happy to be here this morning on behalf of the Government dealing with this very important issue for Canadian grains and oilseeds producers.

Mr. Maurice Foster (Algoma): Mr. Chairman, I am pleased to have an opportunity to say a few words with regard to Supplementary Estimates (D), and I guess there will be a Bill flowing from that, which essentially provides the funding for the Special Canadian Grains Program in the fiscal year of some \$800 million. These Supplementary Estimates result directly from the United States' farm bill and the reduction in