

Third, we are becoming increasingly active in international agricultural activities. The most recent example is the meeting of the Inter-American Board of Agriculture, which John Wise will host in Ottawa in early September.

And, most importantly, we are tackling head on the problems of agricultural trade and subsidy, which are as threatening to the 1980's and 1990's as the drought was in the depression. The agricultural trading system is in deep trouble, with artificially depressed international prices, subsidized export competition, and a growing proliferation of non-tariff import barriers.

We have two complementary goals. The first is to stop and break the cycle of subsidy which has led to the trade war in agriculture between Europe and the United States - a war whose casualties grow in Canada, in Australia, in Thailand, and a dozen other countries whose Treasuries are too small to compete with the European Community and the United States.

The second is to establish fair, firm, international rules of trade in agriculture, that will increase the role of efficient producers, and reduce the role of direct and indirect subsidies and protection.

Let me review the events of the last year alone, because I don't think there has ever been a single twelve-month period in which a Canadian government has given more attention to solving basic problems of agricultural trade.

A year ago, Michael Wilson and I attended the annual meeting, in Paris, of the Organization for Economic Cooperation and Development - the OECD, which draws together the twenty-four most active free economies. To our surprise, we heard the Common Agricultural Programme criticized by Ministers from European governments - mainly Finance Ministers, the people who have to balance budgets in countries where sixty-six percent of the Community budget is directed to agricultural subsidies. We reported those cracks in European solidarity to the Prime Minister, and he decided to mount a major initiative to break the crippling cycle of international subsidy.