Dairy Policy

exceed $1.1 billion, and that receipts including these two exceed $1.7 billion.

Dairying finds its home in every province and constitutes the most important single source of farm income in Quebec, British Columbia and Nova Scotia, and the second most important source in Ontario and New Brunswick. Quebec and Ontario are the leading production provinces, both receiving approximately $400 million, and in turn returning those dollars into their business communities. British Columbia, Alberta, and Manitoba as well possess sizeable dairy industries.

It is important to note that when the dairy industry is in trouble a large percentage of the entire agricultural sector is in trouble as well. I make that statement because 71 per cent of all commercial farms in Quebec, for instance, are dairy farms. The same comparison for Nova Scotia reveals 46 per cent, New Brunswick 32 per cent, Ontario 30 per cent, and in Newfoundland 29.8 per cent of commercial farms produce dairy products. The national average is 22.6 per cent.

In view of the foregoing it should be recognized that if governments ignore or fail to deal adequately and fairly with the dairy industry, then they are failing to deal with a major group within the Canadian economic structure.

A healthy thriving agricultural industry benefits all Canadians, both consumers and producers. It is estimated that 40 per cent of Canadians derive their income, or at least a large percentage of it, either directly or indirectly from the agricultural industry. The rather drastic changes within the industry and the painful adjustments made during the past decade have left a large proportion of the national dairy herd in the hands of competent producers. These producers have developed a superior command of modern dairy production technology. Their record clearly illustrates unmatched efficiency. What is now required is an economic climate in which these operators can employ these skills, and at the same time have the confidence that their capital management and labour will be rewarded with, at least, normal financial returns.

● (1650)

Extremely large investments are required. We are aware of the fact that the creation of a modern but modest sized dairy operation involves a capital outlay of between $100,000 and $300,000. In addition large capital outlays are also required to expand the scale of operation in order to build viable units and to meet health and production standard demands and requirements.

In numerous cases, Mr. Speaker, these expenditures have been made and large amounts of money have been borrowed at high interest rates. The reduction in allocation to the Farm Credit Corporation and the reluctance, or in some cases absolute refusal, of chartered banks to lend under the Farm Improvement Loans Act have compounded the producers' financial difficulties with respect to the cost of capital. Many of these expenditures have been made quite recently, and many of these were made on the basis of assurance of a long-term dairy policy commitment by the government.

Many will recall the hundreds of representations made to the government by members, agricultural organizations, producer groups, and dairy industry people prior to 1974 and early in 1975. We recall the minister unveiling what he termed a long-term dairy policy almost a year ago. Events of the past year reveal the only resemblance to a long-term commitment to Canada's "12-month-old" long-term dairy policy is the long list of changes and revisions, all of which proved disappointing and detrimental to dairy producers.

Private outlays by producers were made on the basis of reasonable government assurances of a year ago, and they were made to enable the producers to improve their position and at the same time to succeed in obtaining the most additional milk per dollar of outlay of public moneys.

In the rather brief time allotted, Mr. Speaker, and with the thought of allowing as many members as possible to participate in this debate today, I do not intend to recite a description of the events surrounding the government's actions in past months. For similar reasons I do not intend to repeat arguments on many aspects of the dairy industry, arguments I have raised previously in the House; but I must indicate my doubt about the government's real concern and real desire to maintain a strong and healthy Canadian dairy industry. Producers often relay to me similar feelings; and in view of the minister's statement of November 4 one wonders if the real desire of the government is to have Canadian markets largely if not totally supplied by imported dairy products.

In a recent speech on March 5, to dairymen in Uxbridge, Ontario, the minister commented:

> I'm also looking at the possibility of stopping importation of subsidized milk products. The United States does not allow imports of dairy products that are subsidized by the exporting government. Why should Canada be different? Why should Canadian dairy farmers be expected to compete against foreign treasuries? I don't think they should and I'm looking into the possibilities of cutting off subsidized imports.

I questioned the minister in the House about these comments of March 5. His answer was somewhat fuzzy, his words lacking the confidence and determination that were evident in his address to the Uxbridge dairymen. Although the minister has spoken I hope that he will in future expand on this possibility with vigour, and relate news of some progress in this regard as well. The continued importation of dairy and milk products is extremely damaging to the industry, particularly at this time when stocks are high. It goes without saying that it is contrary to the government's commitment to a supply management program.

A brief example to illustrate such damage, Mr. Speaker, would be the case of cheese imports. If cheese imports could be reduced by nine or ten million pounds, a saving would result to dairy producers of approximately $3.6 million; or, more simply stated; every million pounds of imported cheese cost the dairy producers $360,000. I recognize and appreciate the recent decision of the Minister of Industry, Trade and Commerce (Mr. Jamieson) not to increase these imports at present. This was a step in the right direction. However, I remain convinced, and I am certain that industry people are equally convinced, that in view of present circumstances a move by the government to reduce import quotas is nothing short of a necessity; if such a move is not taken shortly, a breach of good faith will have been clearly demonstrated.

In dealing with the Uxbridge speech I could not let this opportunity pass without questioning the wisdom of the