

provinces for health care to deal adequately with all health problems.

In this past decade, we have seen dehospitalization. This was meant to make health care services more humane, except that, with the way life is today, there are fewer families that can provide care and those that do have difficulty because the needs are great and their resources are slim. So I understand very well what the Hon. Member wants to tell us, Mr. Speaker. We also share these concerns, but I can assure you that the Minister of National Health and Welfare has seen to it that the GST legislation will not only guarantee health care but provide more money to invest in this whole area which needs more financial resources all the time.

DAIRY INDUSTRY

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, when I rose in the House on November 1 this year, my question for the Minister of State (Agriculture) concerned dairy producers who were worried about the GATT talks, following the yogurt and ice cream decision which goes against their interests and might jeopardize the existence of our marketing boards.

Tuesday, farmers came to demonstrate on Parliament Hill, to tell the government that Québec agriculture faces an uncertain future, and I showed my support for the farmers by taking part in their demonstration. Unfortunately, the situation remains confused, and Canadian producers feel more threatened than ever. As we know, the GATT Council examined the report of the special GATT panel on ice cream and yogurt on November 7 and decided to postpone any decisions until December 5.

This is a faint but encouraging signal that shows how complex the decision is and also that the problem is taken very seriously by all concerned. By postponing its decision, GATT has shown it acknowledges the merits of the Canadian Government's position and wants to take enough time to reach the best possible decision. As you know, Canada has now had a supply management program for its dairy sector for over 20 years, and the dairy industry has become a key sector of our economy. It generates farm income totalling over \$4 billion, and it is estimated that the total value of dairy products represents \$7 billion annually. Supply management in the dairy sector has helped develop a downstream processing industry that complements and supports a primary production sector that relies on a complex system of quotas based on supply and demand, on a pricing formula based

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on production cost, enhanced productivity and import restrictions, all of which has promoted income stability on dairy farms and helped many farmers and their families meet the challenges of modern agriculture. Maintaining supply management is no longer the economic option it was when it was introduced. It has now become a political and social option.

As stated by the three federal ministers responsible for this area in a circular addressed to Canada's milk producers, and I quote: "Canada's supply management system is not for sale and is not negotiable. We will not abandon a system that is acknowledged and respected by all our foreign trading partners, because it is an essential component of our long-term agricultural policy". That says it all, but unfortunately for all parties involved in the dairy sector: governments, producers and processors, the situation that has developed as a result of the Free Trade Agreement, the recent GATT negotiations, and the subsidy war between the European Economic Community and the United States has emphasized the need for a thorough reform of our agricultural programs. However, what first appeared to be a welcome improvement for the world's agricultural economy has now apparently created a controversy among the various trading partners.

If our dairy supply management system is to operate properly, we must closely monitor imports of dairy products, otherwise we are no longer talking about supply management. GATT Article 11, and this is entirely legitimate, authorizes countries that manage the supply of certain agricultural products to restrict entry of similar products that would otherwise prevent the proper functioning of the supply management system.

During the FTA negotiations, Canada added ice cream and yogurt to the list of controlled imports. This decision was intended to provide more protection for the dairy sector, as authorized by GATT. We should add that the government was also responding to the expectations of Canadian dairy producers who had exerted enormous pressure to have these two products protected as well. However, the U.S. reaction was soon in coming. In December 1988, they filed a

It should be noted that the Americans are not singling Canada out. They previously used the same remedy against other countries, including Japan. But the basic question is rather simple—why? Why, in this era of free trade, are there so many jolts, so much uncertainty? How is it possible that simple farm products like yogurt and