

*Supply*

Seriously now, is that really the no side's strategy? The conclusion to be drawn from this line of argument from federalists is that they have no idea how the dairy industry in Canada and Quebec works.

What saying that sovereignty would be catastrophic for Quebec's dairy industry shows most of all is that federalists have found no other way of scaring our farmers. The biggest myth going around is that Quebec's industrial milk quota would be cut at least in half—that hits home even more—forcing many dairy farms in Quebec to close. We all know that Quebec producers have 48 per cent of the industrial milk quota while 25 per cent of Canada's population lives in Quebec. Now, several farmers from Quebec, who have gone to the trouble of coming here to listen to us today, are in the gallery facing me.

**The Acting Speaker (Mr. Kilger):** Order. Since it is an opposition day and the agriculture critic is leading off the debate, I would simply ask the House to maintain the spirit of debate that prevails at all times. Although there are no specific rules regarding the mention of the presence of certain people in the gallery, I would ask all hon. members from both sides of the House to co-operate during this debate on agriculture, a very important issue affecting all Canadians.

**Mr. Chrétien (Frontenac):** Mr. Speaker, I will comply with your instructions willingly and I would like to stress that I always send my salutations along with the Speaker's to the dignitaries who are acknowledged in the gallery behind me.

I was saying just before you intervened that the links between Quebec and Canada would be cut if Quebec voted yes in the referendum. Trade between Quebec and Canada—get a load of this, my friends across the way—is over \$80 billion per year. This economic integration alone is justification for maintaining some kind of economic tie between Canada and Quebec or Quebec and Canada. Isolating the case of milk quotas to show that Quebec would lose its exports, and that the opposite would not take place, is pure bunk.

• (1020)

Quebec dairy farmers play a leadership role in the present supply management system. With about 48 per cent of industrial milk quotas, Quebec is the main supplier of dairy products for the whole of Canada. For example, did you know, hon. colleagues, that 40 per cent of Canadian cheese consumed by the rest of Canada come from Quebec? It is with this in mind that we must consider the future.

We will soon have to make a decision regarding the future of Quebec. I strongly believe that no matter what we decide, it is in the best interest of the rest of Canada, as well as of Quebec, to co-operate in order to preserve the dynamism of our agricultural sector. On Wednesday, March 29, we had very concrete proof that this co-operation goes way beyond the political level. This did not happen a century ago, this was last week. Dairy farmers in Quebec and Canada signed a memorandum of agreement integrating the marketing of industrial and consumer milk in six eastern provinces. I would like to name them: Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward

Island. I would remind you that Newfoundland is not part of the supply management system.

An agreement was signed to create a common market between these six provinces. Under this agreement all farmers in these provinces will receive the same amount of money for their milk and will have a common quota. You have to understand that an unfair practise had existed for years. A farmer who had an industrial milk quota sold his milk for up to 10 per cent less than what he could have gotten for consumer milk. If two identical cows had been branded, one for consumer milk and the other one for industrial milk, the farmer would have gotten less for the production of the latter.

In less than 18 months, this inequity will have disappeared. We had this distortion, and it was not in Central America or in Central Africa, but here in Quebec. We had two different prices for the same milk, depending on whether it was to be processed or consumed as such. The six provinces now party to this agreement account for 85 per cent of the Canadian industrial milk quota. This integration will allow them to put in place a single system of milk marketing. In the medium term we can even see the total elimination of interprovincial barriers to milk supply.

The lesson to be drawn from this agreement is that even in a referendum year dairy farmers in Canada demonstrated that they are willing to integrate economically with Quebec. Why should they take the risk of signing this kind of agreement at the present time? Surely because they know that following a yes vote in the referendum, Canada will keep its economic union with Quebec in order to protect its own interests.

• (1025)

This proves that economic reality is stronger than emotional considerations.

Federalists raise another important issue, namely what will happen to customs tariffs with the U.S.? When renegotiating NAFTA, the U.S. will probably try to get a better deal than they already have, which will not be any different from what is happening right now. Just as Canada does at the present time, Quebec will answer that tariffs are protected by GATT, which is what the agriculture minister tells us every time we ask a question in this House regarding the sugar negotiations, wheat exports, and the tariff issues raised by the U.S. the day after New Year. This very minister invariably answers that GATT agreements take precedence over NAFTA. If this is true in his case, it should also be true for Quebec.

The real threat against the dairy industry and Quebec agriculture does not come from Quebec's possible sovereignty, but from the federal government opposite which is increasingly neglecting Quebec agriculture, and especially the dairy industry. It comes from a total lack of planning on the part of the government opposite and, above all, from the lack of fairness of the budget measures proposed by the Liberal government.

February 28 was a sad day for dairy producers in Quebec and Ontario. On that day, the finance minister announced, in his