

Announcement of Dairy Policy

about which we have been told so much lately by various ministers of the government and various spokesmen on behalf of the government.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I think the comments I could make regarding the trade policy mentioned by the minister have been covered by the hon. member for Qu'Appelle. This policy points up several important factors which relate to trade that go beyond any comment that could be made at this time. However, I should like to comment briefly on the latter part of the statement.

I think it is significant to note the minister's concern, and I can understand that concern in view of the general policy the government has been outlining. Our borrowings in New York in January and February were 11 times as much as they were last year during the same period. When we speak about \$14½ billion, we are speaking about 80 per cent of our total money supply in Canada. I suggest that the problem to which the minister has referred in this case will never be solved until there is a distinction placed between social or public capital and commercial or industrial capital. At the same time the government must understand that in differentiating between these two types of capital there is need for a broader monetary policy than it is advocating at the present time.

[Translation]

AGRICULTURE**ANNOUNCEMENT OF NEW DAIRY POLICY**

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, members of the house know that a new government policy is usually announced in one language only.

I therefore wish to inform the house that I shall announce the new government policy for the dairy year starting on April 1, 1966. This policy will ensure a price of \$4.00 per hundredweight of milk to Canadian producers.

Some hon. Members: Hear, hear.

[English]

Mr. Greene: Mr. Speaker, I wish to announce a new policy for the dairy year beginning April 1 which is intended to raise producers' incomes, stabilize the industry and prevent any uncontrollable consumer price increases caused by shortages.

During the dairy year now ending government policy was to ensure producers, through

a combination of supplementary and deficiency payments, a national average price of \$3.50 per 100 pounds of manufacturing milk. While this represented a significant improvement in the producers' position over previous years, when prices averaged less than \$3, production has not kept pace with population growth and demand.

• (2:50 p.m.)

During the last calendar year domestic consumption of butter exceeded production by some 20 million pounds. Farmers have been moving out of dairying at a disturbing rate during recent years. Some have switched to other kinds of farming, such as raising beef and hogs, because these offer a better living. Far more disturbing are the numbers moving out of farming altogether and going into industry and other urban occupations because they cannot make a living on their dairy farms any more. Because dairy farming requires a substantial investment in relatively permanent equipment, farmers who leave do not tend to return even when prices have improved.

The outlook for the new dairy year is for continued deterioration in the economic position of the dairy farmer, unless government action such as I am now announcing is taken. Unless the producer's confidence in his ability to make a decent living from dairy farming is restored, we face the prospect of shortages. Shortages would, of course, raise the prospect of consumer price increases that could contribute seriously to a higher cost of living. Because of these considerations the government has decided to make the following major changes in its support program for the new dairy year:

1. The support level will provide for an average net return of \$4 per hundred pounds of manufacturing milk testing 3.5 per cent butterfat content, basis f.o.b. the factory.
2. The support level will be achieved by direct monthly or quarterly payments to producers from the federal government.
3. The federal payments will be made on a portion of surplus fluid milk.

The Agricultural Stabilization Board will provide details on the application of the new policy to the various categories of producers. The policy will apply in general as follows: For producers of manufacturing milk, the board will take measures designed to permit processors to pay a price of \$3.25 per hundred pounds for 3.5 per cent manufacturing milk. Direct payments to producers from the board