

Agricultural Subsidies

Mr. McCain: Throw away the red herrings and let us get down to the nuts and bolts.

Mr. Daudlin: One wonders just how you do these comparisons and whether we assist the situation by suggesting for the moment it is easy to do, that we can snap our fingers and get it, and whether at the end of the day it is not a real description that we give, whether we are not in fact clouding the issue as opposed to helping it.

I know the Hon. Member seeks, for very valid reasons and out of the depth of sincerity, the kind of clarity and information he is looking for to support the case for the producers he represents. But I ask him sincerely whether or not he is potentially putting us in a position where we might be doing them harm as opposed to good? I suppose we could include, for instance, as a subsidy such things as education, the roads which take farm goods to market, the inspection services performed on agrifood products, research, technology transfer programs, drainage, and export missions.

Mr. McDermid: You are reaching.

Mr. Daudlin: As well as more obvious things like the Agricultural Stabilization Act, crop insurance, the western grain stabilization program and the dairy subsidy. Surely we expose ourselves to those considerations if we are going to have the kind of deliberations we are talking about. From any of these programs and services it would be nearly impossible to decide how much of the public expenditure was strictly speaking a farm subsidy and how much was a benefit to the whole of society. How many of us have stood in this place and argued how much better off we would be if the true cost of goods was being paid by the consumer as opposed to being partially borne by the taxpayer? How do we define that?

We would also have to consider, Mr. Speaker, all of the programs offered by the Provinces and then duplicate the entire process in the U.S., adding up all the federal and state programs which were of some assistance to farmers. Clearly, if not impossible, that is very, very difficult.

However, this is a good opportunity to discuss, as I think we should be, some of the aspects of agricultural policy in this country and the degree to which they constitute a subsidy to farmers. The place to start might be in the entire budget of Agriculture Canada, which Members will agree is approximately \$1 billion. When you add in the spending on grain transportation, the grain and oil seed programs for Industry, Trade and Commerce, and the programs offered to farmers through the Department of Regional Economic Expansion, you are talking about a grand total of roughly \$1.7 billion in fiscal 1981-82. In the same fiscal year the total expenditures in agriculture by provincial Governments was something in the order of \$1.1 billion.

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Therefore, just by adding up those figures, \$1.7 billion in the federal sphere and \$1.1 billion provincially, we are already up to \$2.8 billion. By comparison, if one takes that figure and

considers the farm cash receipts for 1981 of \$18.6 billion, one could say that in the biggest, ball park terms, public expenditure on agriculture amounted to around 14 per cent of cash receipts.

Since we are also discussing subsidy levels in other countries, we should consider what was said by Claude Villain, Director General of the Commission of European Communities, in a speech to the University of Minnesota in April of last year. Hon. Members can appreciate that the major theme of his speech was to the effect that the United States should not be angry with the Community for the degree to which it subsidizes its producers and its exports. Surely we have heard the same sort of concerns expressed by our own producers here in Canada, not only producers of the primary products, but also secondary producers, the processors, people in transport and what-have-you. He said: "I will simply say that if you compare budget spending on agriculture with the value added of the agriculture industry, you will find that in 1976 to 1978, the ratio in the European Economic Community was 39.2 per cent and in the United States it was 37.6 per cent". Today I do not have the data that went into that particular computation. However, in a general way, it shows that compared to the United States and the EEC, Canadian farmers receive considerably less subsidy than do their competitors in other countries. I do not know that that is a particular issue here today, but it is important to know.

Some, especially those connected with the Economic Council of Canada, might argue that the system of agricultural marketing boards in this country also constitutes a subsidy to farmers in that marketing boards in many cases guarantee farmers a decent return for products produced within a certain quota. The magic figure of a \$1 billion subsidy was produced for the sake of headlines. It was derived by neatly adding up the value of the whole quota in the country. That was a patently ridiculous way of approaching the subject. If, in fact, all of the quota in the country was offered for sale at once, its value would have nothing like the value which it now attracts in the limited quantities in which it is traded.

I do not want to get into great marketing board debates at this particular time. This is neither the place nor the time when it should happen. Allow me, rather, to return to the general comparison of subsidy levels in the United States, the EEC and in Canada. I draw Your Honour's attention to a report in *The Globe and Mail* earlier this month in which subsidies on major grains were compared. The figures were taken from a study prepared by an Ottawa consulting company for the Manitoba Government. It showed that in the ten-year period ending in 1981-82, the level of subsidy to the Canadian grain producers was vastly less than their competitors in the Community and in the United States. In a ten-year period, wheat subsidies in Canada amounted to 4 per cent of the marketing price compared to 8.6 per cent in the United States and 10.5 per cent in the EEC. For barley, the figures were 5.7 per cent, 7.2 per cent and 20.8 per cent for Canada, the United States and the EEC respectively. I know that there are other subsidies that made the level of subsidy between