

Speech from the Throne

can be done in spite of the bad weather we have had. I do not think there is anything the government or anyone involved in the grain trade can do about that situation. We are satisfied that a maximum effort is being made by everyone involved. If the weather conditions do turn reasonably favourable, based on the projected sales that have been made we are again going to break the record for the six major grains that are sold out of the Prairies. The farmers of western Canada can look forward to with some satisfaction and optimism.

One point that ought to be made at this time is that while we have been moving very much larger volumes for somewhat over a year now, there has not been a satisfactory upward movement in the price of these grains in the international market. Everyone acknowledges that is so. People also realize that when you are trying to sell against a very large inventory, it is very difficult to get the price up. That has been with us for as long as men have been trading. That is not something over which we have complete control in Canada. We have to compete with other nations in the international market.

I hope we have now relieved the pressure of these huge inventories or surpluses, whichever you choose to call them, to the point where we can now start to discuss with our customers and, more particularly, our competitors from exporting countries, that prices ought to start moving up a little. It is not fair to say they have not moved up at all, because they have moved up some. I am the first to agree they have not kept pace with increased costs. Indeed, prices have not moved up as high as they were during the last period when we had sales opportunities far in excess of our ability to supply them, because of the situation in the international market. I am sure hon. members will agree there is a degree of optimism with these inventories having been run down somewhat.

• (2100)

I think it is also fair to say that they can look forward, at least to the end of this crop year and perhaps quite a long way beyond that, to very strong markets as far as volume is concerned. It is also reasonable to recall that in spite of all the criticism directed at the government with respect to the Lift program, this program has proved to be a major factor responsible for the more satisfactory situation evident today. Had we continued to produce without providing farmers with some relief against surpluses, this substantially improved situation could not have been expected.

An hon. Member: Have you read the *Globe and Mail*?

Mr. Olson: Those hon. members who are interrupting will have to speak loud enough for me to hear them, or they might as well not interrupt at all.

I wish to deal now with another major commodity in the agricultural sector, dairy products. I believe it is fair to say that almost every dairy farmer in Canada will agree that in no time in the last 20 years has there been such an improvement in the industry as took place in 1971. In retrospect, we have to ask ourselves why. The reason is that the government had the courage to take certain steps, notwithstanding their unpopularity at the moment, which it was necessary to take in order to produce a situation of the kind we are experiencing today.

[Mr. Olson.]

Canada did not do all this by herself. Other countries were concerned, including such large producers of dairy products as the countries within the European Economic Community, New Zealand and Australia. They, too, were faced with enormous surpluses of dairy products on hand. We took action to place that part of the dairy industry which sells through the industrial milk marketing sector in a position where it could call upon the kind of legal structures and administration, at least in Ontario and Quebec, to get this situation under control. There were some cutbacks. They were not large. The fact of the matter is that there was not a very large overproduction month by month; the difficulty was the presence of these enormous supplies of skimmed milk powder and cheese on hand. As long as we were going along adding even 3 per cent or 4 per cent to these inventories year by year, there was no way in which prices could advance from their disastrously low levels.

As I mentioned, there were other nations involved beside ourselves. We entered into an international agreement. It was not a formal agreement under whose terms every nation undertook to adhere strictly to a certain volume and price range, but there was an understanding among the western nations who were interested in this market that we were really not doing any service to the farmers of any of our countries by continuing the practices which had been followed in the past. Basically, the support price was completely out of line with the international price and no attempt was being made to equate supply with demand.

The second major improvement involved the initiation of programs for moving these high quality food products into the diets of people who had not been accustomed to using them. It is worth while to recall that had it not been for programs of this kind there would have been a far smaller market for dairy products today than existed before these high quality foods were introduced to certain nations. I am thinking of some of the central American nations, countries in the Caribbean and in certain parts of Africa.

In the first instance, we made some of these products available—I am speaking now of skimmed milk powder—on the international market at very low prices, sometimes for as little as six or seven cents a pound, though our support price in Canada was 20 cents. The interesting thing is that today we are moving a volume which is just as high, yet we are selling it for 27 cents or 28 cents, as high as 3 cents a pound above the new and increased support price. Some of the countries which were buying it at 6 cents a couple of years ago are now buying it at these more satisfactory price levels.

So there is a new kind of optimism. They can see a breath of fresh air in the dairy industry for the first time in 20 years. No longer do surpluses overwhelm the market, and volume is moving out at reasonable prices. Skimmed milk powder is now selling on the international market at prices above our support level, one which, by the way, has been raised twice, from 20 cents to 24 cents and from 24 cents to 26 cents. The floor price for cheese was also moved up twice in 1971 and today cheese, too, is selling well above this higher support level.

There are no stocks or inventories of these products building up in Canada today. This is a more satisfactory