

Supply—Agriculture

said this morning the figure would probably come to about \$8 million during the current year. Of course, that figure is only part of the picture because indirectly, by holding the ceiling price higher than it otherwise would be, the policy is costing the average Canadian a good deal more than that amount. Even if the differential was only five cents a pound, let us say, on the production figure of 1954 which was 334 million pounds, the cost to the consumer would be \$16,700,000 and if the differential was ten cents it would be twice that amount. Of course the exact sum can only be a matter of conjecture but it would be substantial.

I would not object to this subsidy in any way, Mr. Chairman, if I was convinced that it was helping the butter producer. But I am convinced it is not, for a number of reasons. The minister said this morning that we have no troublesome surpluses so far as butter is concerned. I find it difficult to understand how he could come to such a conclusion. Every time the dominion bureau of statistics releases figures on butter in storage, the total seems to be higher than it was for the same comparable period a year ago.

On January 1, 1956, our butter surplus was over 100 million pounds. Butter spoils fairly easily so I think there is danger that we may be in trouble before too long if we do not take some kind of action.

Mr. Gardiner: If I might interrupt the hon. member, I should like to clarify a point. I am sure that my hon. friend used the term unintentionally but he said our butter surplus on January 1 was 100 million pounds. The amount of butter in storage was 100 million pounds and that is not all a surplus.

Mr. Thatcher: That is a fair correction and I accept it. The amount of butter in storage is over 100 million pounds. As I say, I know the minister has been concerned about this problem and he has taken three steps in the past several years to deal with it.

In the first place, last February he brought in legislation whereby hospitals and orphanages could buy butter at a discount of 21 cents a pound. Today it is rather obvious that the legislation was not successful. This morning the minister said, if I understood him correctly, that while it cost the taxpayer about one and a half million dollars to give the institutions the discounted price, they did not use very much if any extra butter because of the reduced price. If such is the case, if the experiment is not helping the producer of butter, it seems to me that the government surely should consider discontinuing that policy.

An hon. Member: In Saskatchewan the government prefers margarine.

Mr. Thatcher: You could have a point there, too, I do not know. The second step the minister has taken to dispose of the butter surplus is to sell it to countries behind the iron curtain. I think he mentioned this morning that the amount of recent sales was about nine and one-quarter million pounds. I cannot help feeling there is something ludicrous about a policy that sells butter to the Canadian housewife at about 64 cents a pound retail and sells it to a communist housewife for 37 or 38 cents a pound.

Mr. Gardiner: If I may just correct the hon. member's statement again, sir, I would say it is just an impression that has been created. By the time the butter reaches Germany it sells at approximately the same price for which it sells here. When all the costs are added the housewife there pays about the same for butter as the Canadian housewife.

An hon. Member: You know these retailers!

Mr. Thatcher: The fact is we are selling it to countries behind the iron curtain at 37 cents per pound, as I understand it.

The third step the government has taken is to commence paying the charges for handling butter in storage. I believe the cost of this action will amount to about three cents a pound, which the taxpayer will be called upon to absorb. It does, in turn of course, mean a saving to the consumer. In spite of these three steps our surpluses of butter have been steadily increasing and it is pretty obvious that sooner or later we will have to take some other kind of action.

I think and I may be alone in so thinking, that our trouble is that the government floor price is placed at a level which is unrealistic. It is too high for the good of the consumer and it is too high for the good of the taxpayer. I think it is also too high for the long term interests of the producer.

I realize that originally this legislation was brought in by the government in good faith, and in an effort to help the dairy industry. But I also contend that the legislation is actually having the opposite effect. High butter prices today are doing little more than driving the consumer into the hands of the manufacturers of margarine. The net effect of the government's policy has been to force hundreds of thousands of Canadians, who otherwise might be eating butter, into eating margarine and other substitutes because the price is cheaper. Strangely enough, Mr. Chairman, I think it is Mr. Duplessis and the Quebec government who are actually saving the government's butter policy at all. The fact that he put a ban on margarine several