

Restraint of Government Expenditures

1954, amounted to less than 1½ million hundredweights. In 1975, during the same period, world demand for flour rose from 64½ million hundredweights to 95 million. In percentage terms, Canada's share of the world flour trade has declined from 31 per cent to 11 per cent.

The implementation of subsidy programs by many foreign governments, especially the U.S. and EEC countries combined with the lack of any similar assistance from the Canadian government, is the single most important factor that has led to the deterioration of Canada's position in the world flour trade. Virtually all other major flour exporting nations have recognized the need to support their milling industries and in recent years have moved to bolster export performance with a full range of subsidy programs.

In competition with American mills, Canada almost invariably has had higher seaboard costs. Even with the subsidy on the movement of export flour and the hold-down on flour rates, the comparative cost of American export flour remains below Canadian export prices. This government's proposed action will only serve to aggravate this competitive disadvantage as Canadian flour will be an additional \$17.64 per metric ton out of line should the subsidy and the "hold-down" be eliminated. I am informed also that the elimination of the present subsidy could mean the loss to Canada of about \$28 million annually in "value-added" processing activities, much of this in already economically depressed areas. I might add that this amount is not adjusted by conventional economical multiplier factors or it would be considerably higher.

As the milling industry is a purchaser of goods and services, the loss of the export flour trade will lead to corresponding declines in a number of complementary industries. These industries include manufacturers of bags, machinery and equipment, transportation services, dock labour and pilotage. Total expenditures in this regard have been estimated to approach \$65 million a year. Here again, no conventional economic multipliers have been applied.

Some markets for grain can only be met by the export of flour. If Canadian flour cannot remain competitive, these grain sales will be lost. This is especially true of markets where there is no milling capacity as lost sales in these areas will not be exchanged for purchases of grain. Canadian millers are a major consumer of Canadian wheat, milling an average of 90 million bushels a year. This means, in effect, that Canadian millers process one entire wheat crop every five to six years.

So far, the bulk of attention has been focused on the unnecessary hardship that will be imposed on the western grain farmer and miller, and upon the port facilities of Quebec and the Maritimes. I would like, at this point, to add a few brief words about the potential damage this legislation will inflict upon the farmers, the inland terminal workers of Ontario, Ontario wheat producers, as well as the hardship it will cause on inland terminal workers, particularly in Ontario and the Georgian Bay region.

The Ontario wheat growers are going to be subject to reduced returns as a result of this legislation. In order to avoid lost sales through increasing the price, if indeed that can be

[Mr. Wise.]

done, the producer will be forced into picking up the tab in making up the difference in transportation costs. The Ontario wheat producers marketing board has made a strong protest to the government on this matter, a protest which apparently has fallen on deaf ears—or at least it might have fallen on ears attached to a head which has no influence on the federal cabinet. Inland terminals which stand to be adversely affected are located along Georgian Bay and Lake Huron and in such places as Prescott, Collingwood, Midland, Owen Sound, Sarnia, Port Colborne, Toronto and Kingston.

● (1540)

In conclusion, I ask the government to delete clause 15 from Bill C-19. It has been clearly illustrated that jobs, revenue and valuable export markets will be in serious jeopardy if this clause should become law. The amount of money which could be saved is extremely insignificant. The saving is not a worthy one when equated with these damaging results, particularly when there are so many other areas of federal spending which could be reduced without the harmful effects which will surely accompany the passage of this bill, particularly with respect to clause 15.

Mr. Paul E. McRae (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I am pleased to have an opportunity to speak about Bill C-19, the restraint legislation. I do not think there is anyone sitting in this House who is not in favour of restraint. I think that is a universally accepted notion, but the question appears to be where we are to restrain ourselves. The guiding principle seems to be that we want restraint, but not restraint on anything affecting our own sphere. That is becoming a Canadian principle. We would like to see the other guy cut back, but not ourselves. That is a problem facing us all.

I have heard members of all three opposition parties talk about restraint. Particularly I have heard members of the Tory Party say that almost the only reason for inflation is high government spending. The hon. member for York-Simcoe (Mr. Stevens) talked about how he could cut literally billions from government spending, but I have not heard any concrete examples of how this could actually be done. Let us talk about a couple of examples in the last year.

An hon. Member: Talk about Otto Lang.

Mr. McRae: Let us talk about Bill C-68 of last winter. It actually took a whole year to get this bill through from the time it was introduced to the time it was completed. What did that bill do? It was to limit the increase in medical expenses to 13 per cent from the previous open-ended arrangement. We were saying that in the first year the provisions of that bill would be applicable we would allow an increase in medical spending of only 13 per cent; in the second year, 11 per cent, and in the third year, 9 per cent. At the same time inflation was being reduced to 6 per cent or 6.5 per cent. It was a reasonable proposition.

I understand the NDP because for years and years it has been saying that we should spend more money in some areas.