

*Supply*

The Canadian pork producers are setting aside \$2 a hog in an attempt to stop the processors from depressing the market even further. Producers are saying: "We'll take the loss of that American market ourselves and set aside a fund in the event that future rulings permit an even larger countervail action retroactively," something which the American trade law does in fact permit.

The advantages that we had in the pork market and in other agricultural sales to the United States have disappeared in part because of the trade deal, but also because of a change in the value of the Canadian dollar for which we can thank this government and the Bank of Canada's interest policy. As we keep putting the interest rates up, we increase the value of the Canadian dollar and make it much more difficult for our farmers to export commodities into the United States on a competitive basis.

• (1620)

The actions that have been taken by members of this government have been twofold. They have virtually sold out Canadian agriculture interests with the signing of the trade agreement. They have made the economic viability of those exporters less viable because of a changed interest and dollar policy, making it very difficult for us to compete with the export of goods into the United States because the dollar is ever strengthening.

We have not recognized the reality of dealing with a larger power. We made these points during the course of the trade debate. I make them again because I think that all sides in the current GATT round have forgotten that economic conditions changed dramatically in the field of trade. When we are manufacturing rules to conduct trade, we have to be cognizant of what those changes are likely to be.

After the Second World War some of our first efforts at regulating ourselves in the international market I believe failed in the wheat market because Britain and Europe became able to produce their own wheat after the war. It took them five or six years to get their fields worked up again and to get the machinery and inputs there, but when they finally got them there they became almost self-sufficient. A very large market for our wheat and barley largely dried up in the early 1950s. Mr. Speaker, you will remember the glut that we had then. We were at odds as to how we could find new markets.

We gradually opened up markets first to the U.S.S.R. and then to China. In the midst of these trade negotiations, we are perhaps at a pivotal point in history. Both China and the U.S.S.R. are very close to becoming self-sufficient. At the same time we are seeing a strange new pattern emerging from the United States where for the second year in a row the Americans have failed to produce enough food to sustain themselves. They are beginning to live off the mountain of surplus grain that they have had in storage.

If the greenhouse effect is going to continue and the desertification of the western United States does continue on at its current rate with the result that parts of China and parts of Russia become more productive, we could see a switch in the flow of trade from west to east in the other direction. Our negotiators do not seem to realize that these power positions do change. Governments change. Even world power situations change and the balance of power shifts.

I think the United States and the European Economic Community could be more cognizant of the fact that the shoe could be on the other foot very quickly. During the negotiations they should begin to look at what would happen if they were on the receiving end of some of the policies they are attempting to bring forward in the GATT. That is something that our government did not pay very much attention to during the negotiations with the Americans. Yes, it is true that they are a much larger power than we. Yes, it is true they would have more clout at the bargaining table. We had put ourselves in a very vulnerable position taking on the largest power in the world, a country which is 10 times the size of us economically, and a good neighbour. There was no one else at the table to side with us when the sledding got rough, so we ended up with the kind of deal we got.

During the debates on the trade deal some of us recalled the comments that some of the American business people were making about the deal. I recall the president of Campbell Soups making a marvellous observation about free trade between Canada and the United States. He said: "Free trade will be great. We can shut down all of our Canadian subsidiaries, run the plant in Chicago Sunday night and supply the whole Canadian market". A year after we are finding that the subsidiary in Portage la Prairie is going to be closed. There will probably be other announcements. Maybe some of them have been made. I noticed the one in Portage la Prairie because it is in my region. A lot of his own predictions are coming true.