

Now that the federal government has withdrawn support, the problem becomes aggravated.

I must ask therefore the question I asked last Tuesday, and to which I received no reply. Was his decision to withdraw any degree of support for surplus fluid milk taken by the federal government unilaterally, or only after consultation with the provincial governments and perhaps upon their request? I would find it inexcusable, may I say in conclusion, if the decision were taken by this government in a unilateral manner without even acquiescence or a request by any provincial government. Time will find this out.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): My presence here tonight is dictated by the fact that my colleague, the Minister of Agriculture (Mr. Greene) is in London looking after the interests of Canadian food exporters. His parliamentary secretary is out of town on government business.

The decision to apply federal dairy subsidies to shippers of manufacturing milk and cream and not to shippers of fluid milk, is a policy decision to avoid a conflicting jurisdiction of federal and provincial authorities. In this decision, the federal government is accepting responsibility for the returns to manufacturing milk and cream shippers.

The hon. member may recall that the province of Quebec has, for a few years, paid subsidies for manufacturing milk and cream, and that the Ontario government introduced such a subsidy last fall. In discussions with the ministers of agriculture of those two provinces last fall, our Minister of Agriculture undertook to recommend to his colleagues that starting the 1st of April this year the federal government, in its support program, would make up the amount of the subsidy paid by the provinces. At the same time, the ministers of agriculture of Ontario and Quebec undertook to withdraw on that date from the subsidization of manufacturing milk and cream. The federal program has of course gone well beyond meeting that commitment financially.

The economic situation of fluid milk shippers is of course subject to matters which are under provincial or local control, and over which the federal authorities have no jurisdiction. The two major factors in this are the fluid quotas and the price of fluid milk. These are determined locally within a province.

The decision to apply the direct federal assistance only to manufacturing milk and cream shippers is, therefore, an acceptance of

Proceedings on Adjournment Motion

responsibility for the basic returns to that part of the dairy industry whose product is used entirely for manufacturing purposes, while leaving to the provinces, who have the jurisdiction, the responsibility for the fluid milk side of the industry. This is a clean-cut and desirable division of jurisdiction and responsibility.

I am sure the hon. member understands, of course, that surplus milk from fluid shippers does benefit from one phase of the federal stabilization program. That is the phase which supports the market price of major dairy products on all fronts and which establishes the basis of price for all milk used for the manufacturer of these products.

● (10:10 p.m.)

[Translation]

AGRICULTURE—CONSIDERATION OF REQUEST FOR HIGHER PRICE FOR INDUSTRIAL MILK

Mr. Réal Caouette (Villeneuve): Mr. Speaker, the new dairy policy of the present government is distinctly unfair to Canadian farmers and dairy producers.

First of all, because it does not meet the minimum goal of \$5.10 per hundredweight for manufacturing milk, and second, because the amount of money put at the disposal of the Canadian Dairy Commission is insufficient. Indeed, a government that can make available to the Minister of National Defence an additional \$115 million should surely be in a position, through the Minister of Finance and Receiver General (Mr. Sharp), to put another \$60 or \$80 million at the disposal of Canadian farmers.

Moreover, Mr. Speaker, there is no guarantee that the subsidy will normally remain at \$1.11 per hundredweight that is \$1.21 less 10 cents for the export premium. If the amount allowed for export, namely 10 cents per hundredweight, proves insufficient, the Canadian Dairy Commission will have to deduct the necessary amount from the \$1.11 subsidy; this means that the subsidy of \$1.11 is liable to be lowered as a result of the export premium, quotas, etc.

According to the statement of the commission, each producer is allowed an individual quota equal to the amount produced last year. This means that greater milk production will not be encouraged in Canada. Quotas are not to exceed what they were last year.

Now, last year, because of bad weather, hay and feed crops and pastures did not supply quality feed, with the result that milk production went down.