

taking place will result in a need to contract work out and that, instead of saving money, the federal government will end up spending more than ever before. That is also something which happened in the past.

We always forget that, within the public service, there are competent and experienced people who do a good job. If you contract the work out, it often ends up costing you more because you deal with businesses whose only objective is to make a quick profit at the expense of Canadian taxpayers. Let us not forget that.

As I have said several times, when the official opposition talks about trimming the fat in the federal administration, when it says that Canada is overgoverned, it does mean that the public service is too large and that there are too many public servants. However, there is a proper way to deal with that. We do not endorse indiscriminate layoffs. Even the Public Service Alliance of Canada told us that it was prepared to discuss restructuring, provided it was properly thought out, did not merely mean cuts which will end up costing taxpayers more for fewer services provided by disheartened public servants. This is a difficult situation.

I do hope that the government will again meet with PSAC officials to discuss that issue, something which it has not done since it came to office. The first thing the government did when it took office was to stop discussing, even though it had criticized the breakdown in discussions between the previous Conservative government and the unions representing public servants. This government should sit down with the PSAC. These people have suggestions to save money. They have ideas as to how the federal administration can be streamlined in an intelligent way. The government should rely on their expertise.

As regards agriculture, yesterday the minister avoided the real issues. He did not want to stir up old controversies.

• (1115)

I remember one such controversy in 1982, when there was talk of amending the Crow's Nest Pass agreement. Back then, I noted that there was a very real conflict between the interests of western cattlemen or beef producers, which even differed from those of their fellow grain producers, but which were mainly at odds with those of easterners, particularly Quebecers.

In his budget, the minister eliminates the \$560-million subsidy for grain transportation to railroads in the Prairies. However, to make up for that loss, the minister will give western producers, based on their cultivated acreage, \$1.6 billion to compensate the alleged loss of land value in the West. However, the Minister of Finance and the Minister of Agriculture both forgot that the Crow's Nest subsidy created a healthy balance in Canadian agricultural production. Indeed, while western farm-

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ers concentrated on grain production and enjoyed subsidized transportation of their products, livestock breeding developed in the East, particularly the dairy and pork industries.

If you break that balance by eliminating the Crow's Nest subsidy, and if you give compensation for the alleged loss of value of western lands, you overlook an important element, namely the impact of such a measure on eastern producers.

Nowhere in the budget speech is there any mention of compensation for eastern producers, particularly Quebec producers, who will also suffer. Doubly so. Indeed, not only will western producers get a \$1.6-billion subsidy to adjust, but they will also be able to use that federal money, 25 per cent of which comes from Quebec, to compete with Quebec livestock breeders. Is that the federal government's idea of fairness? Is that the nice balance between the East and the West? Things do not work that way.

Moreover, western producers will get a loan guarantee of one billion dollars, plus \$300 million to adjust to the new situation. They will receive \$3 billion to make up for the loss of the \$560-million Crow's Nest subsidy. There is something very wrong right there. It is unfair to use federal moneys, 25 per cent of which is comes from Quebec, to support the competition from out west on our own markets.

While the West will get \$3 billion, Quebec will lose \$30 million because the Budget provides for a 30 per cent reduction in dairy subsidies to eastern producers, which will affect industrial milk, cheese, yogurt, ice cream and the rest. Fifty per cent of the dairy products we consume are produced in Quebec. So the government gives \$3 billion to the West and takes \$30 million away from dairy producers in Quebec. Is that fair? Is that how the government wants farmers in Eastern and Western Canada to help put public finances back on track?

Mr. Speaker, fair is certainly not the word here. As for dairy producers, this merely adds to existing pressures, because we should remember that during the past two years, under the new World Trade Organization agreements, dairy producers in Canada and Quebec have had to face increased competition. They lost one of the basic pillars of the dairy production system, referred to as Article XI. Since that time, competition has increased steadily, as the tariffs that replace protection at the border under Article XI go down and foreign products are allowed to compete with Quebec and Canadian dairy products.

And now, the government is asking them to tighten their belts even more. Yesterday, Laurent Pellerin, president of the UPA, said that farm producers were prepared to do their fair share, but this was too much. This was absurd.

I would also like to comment briefly on the international assistance envelope.