To these and other problems in Atlantic Canada, this government has added the cancellation of the at and east grain and flour subsidy programs. This program, which has been in effect since the 1960s, was basically instituted to encourage exporters of grain and flour to use eastern Canadian ports. Grain shipped by rail from ports on Georgian Bay, Lake Huron, Lake Ontario and the upper St. Lawrence, as far as Prescott, to any port on the St. Lawrence from Montreal eastward, or to Saint John or Halifax is charged 1960 rates.

Flour shipped through the same ports from any port east of Thunder Bay is charged 1966 rates. The railways are reimbursed by the government for the difference between these rates and the actual present day cost of shipping the grain and flour.

• (1250)

The government estimates that by simply scrapping the at and east subsidy program it will save $40 million. I contend that this is a false sense of economy. Instead of being a legitimate deficit reduction measure, it is an effort to further placate the Americans by eliminating a program which for 25 years has contributed to the reduction of regional disparity in Canada. The fact that grain elevators in Saint John and Halifax and a flour mill in Halifax have flourished the past 20 plus years is due largely to the existence of the at and east program.

A 1984 Canadian Transport Commission report concluded that Canadian flour exports will be practically non-existent without this subsidy. This, of course, begs the question: what will the fate of our flour export industry be? What will be the fate of Dover flour mills in Halifax? What will be the fate of the mill workers whose jobs will disappear?

While I speak as a member for Atlantic Canada I want to point out that the at and east grain and flour subsidy contributes much more to the Canadian economy than simply jobs in the Atlantic area. Initially the program applied only to grain from western Canada. However, since the mid-1970s, Ontario export grain also qualified as long as it was received by water from Georgian Bay ports.

What has evolved is an integrated system of transportation and storage facilities as well as an efficient and orderly marketing process. The Canadian and Ontario Wheat Boards have worked together to provide both of these. Now the government has thrown out an efficient, functional operation. No thought has been given to the problems this would cause. No thought has been given to replacements or alternatives. This method of operation is consistent with other government activities.

I can give two examples. When military bases were closed, the government admitted no studies had been done to determine the social and economic impact of the closures. No studies were done to determine whether the decisions were militarily sound.

When the government passed its Advance Payments for Crops bill, which was supposed to do great things for Canadian farmers, it proved so unattractive in Prince Edward Island that the government could not find an agency willing to administer the program for the potato growers. By early January only two Canadian farmers had shown even a passing interest in the program.

We are well aware that the St. Lawrence Seaway does not operate year round. Consequently storage facilities are a problem. At present there is insufficient farm storage capacity. Country elevator storage is short term only. Lakeside elevator storage is short term. Since wheat harvest is completed in about four weeks, the first half of the crop must move to make room for the second half. Where will it go? Where will the second half of the crop be stored? Loss of the at and east subsidy will mean that storage at Georgian Bay terminals for future export will not be viable. Closure of the elevators at Port McNicoll and Georgian Bay have already been announced.

Saint John and Halifax are the only two ports in eastern Canada that can operate 12 months of the year. At present, at and east grain movements account for about 70 per cent of the grain exports from Halifax and almost all the grain and wheat exports from Saint John. Cancellation of the subsidy will kill this export trade as well as the 250 accompanying jobs.

The Canadian Transport Commission has stated that in the period of 1971-1981 the railway grossed an average of $33.5 million per year and maintained an average of 263 jobs. Cancellation will reduce revenues accordingly and cost the country at least 263 jobs. During the same period Georgian Bay ports earned average revenues of $1.4 million and provided an average of 75 jobs. As well, these will be lost. It is obvious at this point that termination of the at and east program will also cost millions of dollars because of loss of jobs and spin-off benefits. Without adequate storage facilities the producer must sell all his grain at harvest time. This kills the