

mission and the producers concerned. We have had discussions with the farm organization in the province of Quebec. I want to make it clear that the holdback is equivalent to the skim-off to which we feel they are entitled to contribute. We feel they have benefitted from the subsidy and it is not on the total product they are shipping—it is equivalent to the surplus they ship which goes to the industrial market.

● (1427)

[Translation]

Mr. Lambert (Bellechasse): Mr. Speaker, I want to ask a supplementary. I understand very well the answer the minister just gave the House, but as everyone seems to stand firm on his positions, could the minister tell the House what steps would be taken as soon as possible to come to a settlement, for fluid milk producers in Quebec see that as a matter of jurisdiction, and thus a constitutional matter. So, given the circumstances, may I ask if the minister could tell the House whether he intends to carry on as quickly as possible with the negotiations or whether legal measures will be taken to settle the problem?

[English]

Mr. Whelan: Well, at the July meeting of provincial ministers of agriculture held in Victoria, B.C., I, as Minister of Agriculture of Canada, stated on behalf of the federal government that they could make their contributions in any way they wished—we did not say they had to make a levy on whole milk producers; we wanted the equivalent of \$12.5 million from all across Canada. We thought this was a reasonable amount to ask them to contribute toward the cost of distributing surplus industrial milk products on world markets. Some provinces have already made agreements—I believe five of them have done so.

[Translation]

FLUID MILK—REQUEST FOR PAYMENT OF FULL SUBSIDY

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Minister of Agriculture. I think that the government has a legal obligation to pay these subsidies to the milk producers, but I also understand, Mr. Speaker, the difficulties encountered by the Minister of Agriculture regarding the refusal of fluid milk producers to pay back the 25 cents. I will therefore ask the Minister of Agriculture whether he is prepared to enforce this piece of legislation which was passed by his own government and to pay these subsidies to milk producers. The present position of the government is a form of blackmail—if you do not pay back the 25 cents you do not get subsidies. Everybody knows that the milk producers would not be able to win against the government. I simply ask the minister whether he is prepared to enforce a legislation passed by his own Parliament?

[English]

Hon. E. F. Whelan (Minister of Agriculture): Well, Mr. Speaker, the hon. member's interpretation of the law is different from mine. I suggest he read it again: the law clearly says

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the government may pay a subsidy—it does not say the government shall pay a subsidy. Some of the provinces have already amended their provincial legislation to comply with the request we made, because they thought it was fair and equitable.

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INDUSTRY

ALLEGED MOVEMENT OF INVESTMENT MONEY TO UNITED STATES—GOVERNMENT ACTION

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In the past 12 months over \$627 billion of Canadian money has been invested in the United States and businesses are openly moving to the United States because of the poor political climate here in Canada. What measures has the hon. gentleman been taking to stop this mass exodus of investment money and the movement of business to the United States which will only add to our unemployment problem here?

Hon. J. H. Horner (Minister of Industry, Trade and Commerce): I should like to thank the hon. member for the question. We enjoy in Canada complete freedom of investment and a free country. I should like to tell the hon. member that in 1975 the Americans invested something like \$5.1 billion in Canada, that in 1976 they invested something like \$5.6 billion in Canada and that in the year 1977 the Americans will be investing more than \$6 billion here. So, we have to accept the fact that some Canadians may want to invest some money in that country.

● (1432)

Mr. McKenzie: A supplementary question, Mr. Speaker. I would certainly challenge the minister's figures. For the first time in 40 years more money is leaving Canada than is coming in. Since the United States is opening up offices in Canada and holding symposiums in Canada in order to assist Canadian businesses to move because of the political climate here, is the minister saying that he is going to take no action at all in dealing with this serious problem?

Mr. Horner: I would be the first to admit, Mr. Speaker, that we have a very difficult political climate in Canada.

Some hon. Members: Hear, hear!

Mr. Horner: I am overwhelmed that the Conservative party has finally realized that, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Horner: The root of the political problems in Canada today stems from the fact that a portion of our country, with something like 27 or 28 per cent of the population, expresses a desire to separate. That is creating a somewhat uncertain economic climate in our country and I am glad that the official opposition realizes it.