

Supply

from 80,000 to 100,000 sows this year, and I am told it will be from current profits with no further financing. Now you can imagine the efficiencies of this. They would have their own feed contracts. If they do not have their own mills they can deal with the feed dealers on a very big basis. They can construct their barns in a manner that is cheaper than ours because of weather. It is something like \$600 a sow.

I suggested to our farmers that if we had the same size and the same efficiency the price in Canada, and in Ontario particularly, could be brought down below the \$2,200 we pay now per sow to perhaps \$1,800 or \$1,700. But you can still see the great advantage that those producers have and the great expansion that is going on.

So the pork farmers, sitting beside the grain farmer or perhaps also a grain farmer, is also depressed. Even dairy, with its supply management, is suffering from a reduction in quotas. There is not enough consumption taking place so that they can ship the full amount that they can produce. They are also concerned with GATT, the concern we addressed yesterday, that was reasonably dispelled as far as an agreement at the moment between Europe and the United States on tariffication, but the thought that that may occur, the ice cream and yoghurt and, of course, there is steady competition. The dairy industry competes very strongly with itself in its cost to production formula. So they are not very high psychologically right now.

The egg producers have problems within their group with surplus removal. Their boiler quotas are having difficulty in adjustment across Canada. The horticultural area is not good. There are so many segments in horticulture it is hard to pick them up and to measure them totally, but we know about the apples and their need to go into a controlled production, but that industry as well is depressed.

In the the middle of all of this farm unhappiness comes the grains and oilseed producers. They have been exposed to poor prices for something like seven years, based on the problems around the world or, at one time, it was drought in our own country. We have kept giving them support each year hoping that next year would be better, but the next year did not turn out to be better. Last year the big disappointment was when the GATT agreement did not take place. We were there and saw the European farmers, and sadly I must say even some Canadian farmers, over there demonstrating against any

agreement by the European Community. But we did not get that agreement and that certainly hurt the farmers psychologically.

Now we are topped with this very difficult cash flow problem for the 1990 crop year.

The increasing production by countries like China and India so they are not buying as much grain from us are other pressures that the grain farmers have had. Indeed, we are going to see the same thing now from the Warsaw Pact people, the Iron Curtain countries, as that institution breaks down. It is interesting to know that our technology in fact probably helped China and India to increase their production. As our western technology creeps into the Iron Curtain countries, as well as modern equipment, communication and roads, will mean that they will produce for their own market what we have been supplying for quite a while. Indeed, I suspect they are going to produce for some of the world market that we have been supplying.

• (1240)

We heard the problems of no new machinery on the farms. The fact that if we get a better income for the grain sector, it is going to take a lot of that just to keep in business and keep some equipment there.

I must say our grain farmers, like all Canadian farmers, have responded very well to the pressures. They cannot respond totally, but they have done a great job in improving their efficiency so that if prices had been low they produced more and more of the product with less and less labour.

In fact I think I saw a figure that in the European Community, because of their lack of efficiency, the fact that they do not produce grain as efficiently as we do, it takes a lot less subsidy per farmer to keep them going. Of course they have so many more farmers there that they spend a great deal more money than we do in this particular area.

I want to add to this debate a not very happy note about agriculture. It is not a happy note, but I think we are in for restructuring. I think there are going to be changes coming in the whole of agriculture, and I do not think anybody really knows what that restructuring will be. Perhaps in the pork industry we have to do something to get into a size of buying power that will compete with the people across the border. I do not know what they will be but I think we are on the edge of a restructuring