

Agricultural Stabilization Act

financing where we have been stuck for over ten years. An important date indeed.

The strength of the program lies in the fact that it made it possible to maintain a national support price structure geared to markets, a security net which, owing to its retroactive connotation, had no bearing on decisions of farmers concerning production. Unfortunately it is its weakness as well. The program would offer more stability if its support were more regular and predictable.

The current sluggishness of the federal program and its dependency with respect to previous costs and average market prices in Canada are two of the reasons why certain provinces came to the conclusion that their agricultural sector was not properly protected against the constraints of the cost-price squeeze. As a result of this situation, provincial stabilization programs came into being, first in British Columbia in 1975, then in Quebec and in other provinces. Those schemes vary as far as eligibility criteria, support levels and premiums to producers are concerned.

The provincial governments are surely entitled to set up such schemes in response to what they consider their own special regional conditions. However, from a national point of view, they have given rise to confusion and competition among provinces on the domestic as well as on the international markets. In some cases, those schemes have encouraged a greater production than economically justified. In some other cases, the provincial stabilization schemes have literally collapsed because they were not actuarially sound. Those setbacks probably had a considerable unsettling effect.

It is interesting to note that Canadian agriculture has equally suffered from disparities and disturbances as a result of unduly high price support programs abroad. We are well aware of this and I think that during the past few months or weeks, the steps taken by the government in Canada with its trading partners in America, in Europe and elsewhere are specifically aimed at a closer co-operation between the countries to solve the problems of surpluses found all over the world at present. In the United States for example, some \$22 billion was earmarked for the agricultural price support program in 1983 alone.

The best known, the Cash Crop Payment Program in the United States, brought an increase in the price of grains in 1983, but discouraged pork production in the United States. In Canada, thanks to relatively large grain crops, especially in Western Canada, we could develop our production and increase our pork exports to the United States. But those increased exports caused a trade conflict that now opposes our two countries.

The other significant example is the common farm policy of the European Economic Community. It has hindered Canada's farm exports while causing huge surpluses that must be sold on world markets, including ours, at highly subsidized prices.

Last year, the huge increase in CEE-subsidized beef exports to Canada exerted a strong downward pressure on Canadian beef prices. This compelled the Government to use the Meat Import Act to limit beef and veal imports into Canada in 1985. We pursued the talks with the parties concerned and finalized an agreement that may not please everybody, but that should for a while allow a certain amount of stabilization in that area. However, this shows how much the CEE's stabilization programs can disrupt Canadian markets, and how important it is to have mechanisms in place that protect our farmers when the need arises.

We could discuss at length the problems associated with stabilization programs in Canada and elsewhere. However, I feel I have covered some of the basic points. I hope this will help you understand why the changes we are proposing to the Farm Stabilization Act are a model of responsible, co-operative and efficient public policy.

The third point—

● (1230)

[English]

How is this Bill an improvement? To begin with there are really two parts to this legislation. First, there are a number of minor housekeeping changes to the Agricultural Stabilization Act. These changes are not contentious, and they could go into effect immediately after the Bill is passed. I will list them in a moment.

The second part of the Bill is enabling legislation allowing for some major changes in Canada's approach to agricultural stabilization. However, I cannot over-emphasize that it is the first step in a co-operative process involving the federal Government, provincial Government and producers. Major changes to the stabilization programs will go into effect only after they have been thoroughly discussed in committee, after in depth consultations have been held with producers, after federal provincial agreements have been held with producers, after federal provincial agreements have been reached, and after the Governor in Council has ratified these agreements.

To return to the first category of changes, we have received a legal opinion that there may be flaws in the existing statute, which raises questions as to the Government's authority to issue stabilization payments for a past marketing period using the existing formula. The Government would like to ensure that the wording of the Act is clarified to reflect the intent of Parliament.

There is another rather technical reason for passing this Bill. As the Act now stands, employees of the Agricultural Stabilization Board are not included under the terms of the Public Service Employment Act, a provision of the old Agricultural Stabilization Act which was needed many years ago but which needs to be changed. The Bill also proposes that we include wheat produced outside the Canadian Wheat Board area as a named commodity receiving mandatory support, as was the case prior to 1975.