

Unfortunately, the United States and the European Economic Community are engaged in a subsidy war, and Canadian producers are the unfortunate victims. Because of pressures abroad, prices for grain and oil seeds crops are down at least 20 to 25 per cent from last year. And probably they will not increase until market conditions have improved.

For those reasons Canada is attempting to stop that useless war which will have no victors. In that context, the Minister of Agriculture (Mr. Wise) went to Brussels and Washington to express the Canadian viewpoint to the opposing parties.

The Minister of State for the Canadian Wheat Board, Mr. Charles Mayer, met representatives of the five major grain exporting nations. The first meeting was held in Whistler, British Columbia, in June 1986, at Mr. Mayer's request. There was also a second conference in San Diego, California. At the end of that meeting, Mr. Mayer stated he was very confident discussions between the five major grain exporting nations would impact favourably on other multilateral negotiations concerning agricultural trade.

One thing is sure, however: the Treasuries of the United States and the EEC are not inexhaustible. I hope those countries will soon realize the uselessness of a policy of high support prices and huge export subsidies.

I hope that these countries will soon realize the uselessness of a high support price policy and massive export subsidies. Although the price of grain has come down, Canada has kept its place on world markets. That is the important point, because the efficiency of Canadian grain growers compares favourably with that of any other producer, anywhere in the world.

We also have conditions which make us more competitive. I could mention our soils, our weather conditions and also the quality of our grain and the competence of our farmers. The best way to obtain and keep clients is to offer them a product of superior quality, to build a reputation of reliability and to charge a competitive price.

Mr. Speaker, we are trying to increase our export potential by using an aggressive marketing approach. We can improve our competitive position through research, progress and technological transfer, soil conservation and other initiatives which will, over a period of time, reduce our production costs. We will soon realize that this is more efficient than giving subsidy upon subsidy, but, Mr. Speaker, it also requires more imagination.

While waiting for this trade war to end, it is essential that we keep our markets. Then we will be able to continue offering what made our reputation: superior quality products and competitive prices.

Mr. Speaker, I would be especially pleased to hear our experts in the Liberal Party talk about agriculture, defend the interests of Canadian farmers and try and suggest to farmers means to alleviate the problems they are presently experiencing. Our Party, Mr. Speaker, has over the months suggested a

### *Parity Prices for Farm Products Act*

number of opportunities to our farmers. This is only a beginning, we will continue along that line.

• (1720)

[English]

**Mr. Pat Binns (Parliamentary Secretary to Minister of Fisheries and Oceans):** Mr. Speaker, I find it fortunate to have the opportunity to speak on this Private Members' Bill this evening. I appreciate the intent of the Bill and I must say its objectives are in line with the kinds of things which our Government has been undertaking over the last number of months in order to improve the situation in Canada, in western Canada in particular, in the agricultural sector.

There is consensus across the country that farmers deserve and should receive a fair and equitable return for their investment and for their toil in producing commodities. However, I do not think there is any one Bill that would assure adequate returns to all farmers at any one time. There is no single program that will achieve this goal. I do not believe that Bill C-221 respecting parity prices for farm products will meet the objectives that we are all trying to achieve on behalf of Canadian farmers.

The parity prices concept is not a new one. It was tried in the United States over 45 years ago and eventually discontinued due to major shortcomings; the program was just not working for agricultural interests in the United States. Perhaps we should review some of the reasons that the parity prices program undertaken in the United States did not work.

The Americans set up an Agricultural Adjustment Act, the purpose of which was to establish farm prices at a level that would maintain farmers' purchasing power, with respect to articles they buy, equivalent to that of the base period. In order for purchasing power to be maintained over time, relative prices and incomes in the base period must be appropriate. In the United States, it became apparent that there were substantial income differences among farmers, no matter what base period was used for the program.

The intent of the Parity Pricing Act in the U.S. was similar to that of Bill C-221 with respect to adjusting prices of farm commodities to reflect changes in the prices of articles that farmers buy. Moreover, in order to stabilize supplies and prices, parity prices were incorporated into the loan rate formula. Farmers sold what they could and the rest was purchased and stored by the Government. As technology advanced, production increased faster than demand. This increased the need for price support and over-production problems became unmanageable. Eventually, the Investment Parity Price Support Program became so expensive that it was disbanded.

• (1730)

It is interesting to note that although costs associated with the parity formula grew significantly, farmers were often not