The act itself is permissive. The meat of what is being proposed here appears in federal-provincial agreements to which my friend from The Battlefords—Meadow Lake referred in his speech. Those agreements are not as good as what people had hoped for, but I believe this act has some potential.

In historical and political terms I would place it somewhere in the neighbourhood of the 1935 act to establish the Canadian Wheat Board. It was put in place by the dying R. B. Bennett administration that finally cottoned on to the plummeting that he was taking in the countryside and finally understood that he was not terribly popular in the country. I guess he saw how many Bennett buggies there were out there and decided he was not a popular man. On his almost political deathbed he brought in the Canadian Wheat Board Act because farmers had been attempting to get a wheat board for some 15 years before then. One of his last acts of desperation to try to get support back was to pass the Canadian Wheat Board Act.

I think agricultural historians 20 or 30 years from now will place this act in the same position. Farmers put a great deal of pressure on this government to get part of what we have before us here. As part of the green paper response and various task forces that were set up, one was to look at income stability. While they were not to bring in any report, they persisted and in fact produced recommendations which were acted upon in part with this legislation.

The farmers in that group wanted some form of price insurance or price guarantee to make them competitive with the United States. They were trying to get something like the target prices of American farmers so that they would know if they had 1,000 bushels of wheat to sell they would get about $4 a bushel for it. They could then design their farms so that they could get the maximum production out of them once they knew what the price was. That is what they wanted. What they seem to be getting in the agreements that are being signed between the provinces and the federal government is some form of revenue insurance.

• (1810)

Revenue insurance is not the same. It is simply a guaranteed price under an index moving average price carrying over 15 years times the actual average yield for the area. It is much less costly to the fund and less risk to the program. We have to work on as to how these agreements will work is a bit of hearsay evidence, because the agreements themselves were not available to be put before the committee. The agreements could not be discussed because the government said that it did not have legislation. Because it did not have the legislation passed, it could not sign the agreements and, until the agreements were signed, the provinces could not be asked to make them public.

We have the information that is round and about in Saskatchewan, distributed by the provincial government there. While those pieces of information are still being formed, we think we have some concept of how the proposal will work under the Gross Revenue Insurance Plan.

In order to show the House how it works and to show how it is not the final solution, so to speak, let us suppose Saskatchewan has one farm that grows nothing but wheat and barley. We will use the actual acres in production for that farm of Saskatchewan for 1990. We will apply the GRIP program to that year and just see what results.

We will note that there were 16 million acres seeded to wheat in Saskatchewan last year. It was a fairly good year. The average yield was 32 bushels to the acre. The average price at the elevator was about $3 a bushel. Therefore they took off $1.536 billion worth of production. In the barley production, they seeded 3.65 million acres. The average production was about 50 bushels to the acre, for 182.5 million bushels at a price around $1.40 a bushel, yielding 255.5 million bushels.

Had they been under GRIP, would the income have been a great deal more than the $1.780 billion? That is the question. If there had been an average crop, there would have been only 400 million bushels produced. It would have, therefore, qualified for the GRIP price at the maximum yield at $4 a bushel or $1.6 billion. Instead of $1.536 billion with the good crop that we produced, had we produced an average crop and had GRIP we would have got slightly more money. We would have got about $60 million more in money out the GRIP payment had it been in effect this year, because that was what our coverage level was.