response to the price problems facing farmers across Canada. A commitment of $1 billion to agriculture is no small feat. It is the largest single transfer of funds to the agricultural economy on an emergency basis in the history of agriculture. Farmers across Saskatchewan and the rest of Canada understand the value of that program. However, this Government will be the first to agree that if one is to continue to build agriculture, we may be called upon again to respond to the needs of farmers. Farm organizations and producers' groups have been meeting with my colleagues, the Minister of State for the Canadian Wheat Board (Mr. Mayer) and the Minister of Agriculture (Mr. Wise). Those Ministers have been working overtime to ensure that the concerns of prairie farmers are met.

In recent months our Government offered special drought assistance to those producers who suffered the effect of consecutive years of drought. As well, there was assistance for those who live in flooded areas of Saskatchewan. Amendments to the Western Grain Stabilization Act have allowed interim payments to farmers, culminating in a total payment of $859 million for the last crop. The red meat stabilization program was put in place and is helping to stabilize returns for red meat producers without falsely shielding them from market forces. On the input side are the farm fuel rebates, the $80 million five-year interest rate reduction of the Farm Credit Corporation, and many other programs of the Government which is committed to helping farmers deal with this particularly difficult cost-price squeeze.

• (1730)

In conclusion, I commend my friend from Yorkton—Melville, with whom I spend a considerable amount of time debating agriculture and many other issues, on his desire to ease Saskatchewan and Canadian farmers through a particularly difficult situation. However, I reiterate that the philosophic and practical limits of parity pricing are not the solution for our agricultural problems. I join with all Members of Parliament concerned about Saskatchewan and Canadian agriculture to work with the Government to see that the proper solutions are found.

[*Translation*]

Mr. Jean-Guy Guilbault (Drummond): I welcome this opportunity to take part in the debate on Bill C-221, presented by the Hon. Member for Yorkton—Melville (Mr. Nystrom).

Mr. Speaker, I would also like to find some easy answers or some way of dealing with the problems besetting Canadian agriculture, but I do not think that, at this time, Bill C-221 is what we need to solve all those problems. As was said earlier by the Hon. Member for Prince Albert (Mr. Hovdebo), this Bill is only an idea or an approach. Mr. Speaker, I would like to point out that a progressive agricultural sector and a reasonable return on the work and know-how invested by Canadian farmers are essential to the strength of our economy.

However, we must consider the adverse consequences a parity pricing system could have for our farmers and the Canadian economy as a whole. The parity pricing concept might do more harm than good, for a number of reasons. When prices are set on the basis of production costs, we must consider that progress in farm technology has made it possible to combine inputs more effectively and thus lower costs, which has regularly helped to keep the price of products down.

Setting a price on production is a very complex procedure. In fact, we have to make a distinction between costs that are the result of a direct expenditure, and other costs such as the fair return on the farmer's work and his investment, which is difficult to evaluate to any degree of accuracy. An estimate can be made, and that is already being done in certain sectors, but it is a very problematic issue and one on which views may differ considerably.

If production costs were set at a level higher than the market price, we would need a system of quotas or a form of supply management for all production sectors. It is inconceivable to introduce a price setting system without knowing how to control supply or dispose of production that is surplus to the needs of our usual markets.

Mr. Speaker, as you know, Canada is an exporting country and we depend on our export markets. These generate nearly half of Canada's net farm income, and our products must be competitive on foreign markets. In fact, if the price of a certain commodity is set too high, we would have to control imports, which would be likely to increase, and also we could no longer export because our products would probably be too expensive on international markets. Our competitive position would be threatened.

To maintain our presence on these markets, we would have to provide export subsidies, which would undoubtedly elicit strong reaction from our trading partners. Canada would be accused of selling below production prices or of dumping. That is what is happening today to the United States which has been practising dumping in certain European countries. It would of course be instrumental in isolating us from the world trading community and would have disastrous consequences not only for agriculture but for the entire Canadian economy.

Unfortunately, the subsidy war referred to earlier, in which the United States and the Common Market are involved, is threatening the livelihood of Canadian producers. Because of pressures being exercised outside our borders, the price of grain and oilseeds has dropped by at least 20 to 25 per cent compared to last year. And they probably will not recover before market conditions are sound again.

Those are the reasons why, Mr. Speaker, Canada is trying to stop that unnecessary war that will have no winner. With that in mind the Minister of Agriculture (Mr. Wise) went to Brussels and Washington to express Canadas' views to both opposing parties.

Also, the Minister of State responsible for the Canadian Wheat Board (Mr. Mayer) met with representatives of the five major grain exporting nations. The first meeting was held at Whistler, B.C., in June 1986, at the Minister's request. A second conference has just ended in San Diego, California. At