

*The Address—Mr. Douglas*

thirties, and the best times were probably during the four years from 1963-64 to 1966-67. In those four years the value of wheat exports averaged well over \$1 billion a year. We farmers were shocked at the drastic reduction in markets and sales in the 1967-68 crop year when the value of our wheat exports dropped less than \$700 million, and the same experts who predicted an almost unlimited demand for wheat a few years ago are now far from optimistic about the market outlook.

The farmers of this country, and especially the wheat producers, are worried about the future and with good reason. For several years we were told by agricultural authorities, both Canadian and international, that there would be such a big demand for wheat that it was doubtful if we could produce enough to meet requirements. On the strength of this forecast many farmers borrowed money to expand their operations and produce more efficiently. We bought larger machinery and made heavy investments in fertilizer, expensive farm chemicals, and the equipment to apply them.

As a result our yields and our total production have risen tremendously. Let me illustrate by saying that 1967 was a very dry year. It was even dryer in Saskatchewan than it was in 1937. The average wheat yield in 1937 was between two and three bushels per acre in Saskatchewan, whereas in 1967 it was well over 15 bushels per acre. This dramatic increase was mostly due to improved efficiency and better farming methods, which included many expensive items such as fertilizer and weed chemicals. Better machinery has been an important factor in rising yields and production, but machinery costs are high and represent a heavy annual charge against our cash income.

The point is that western farmers, or a large majority of them, have geared their operations and their financial commitments to an expanding market for farm products. We are told that the recent downturn in effective demand for wheat and other grains is of a temporary nature, but many of us are not so sure that we can depend on this. It is somewhat reassuring, however, to hear that the wheat board is redoubling its efforts to sell wheat, and apparently with some results. In the first five weeks of this crop year our wheat exports were 32.6 million bushels, which is up substantially from the 27.5 million bushels exported in the same five weeks one year ago.

[Mr. Douglas.]

It is in the interest of all Canada, and all Canadians, that the agricultural industry be maintained in a healthy and thriving condition. It is one of the most important segments of the national economy and has usually made an enormous contribution to our export trade and toward keeping a balance between exports and imports. A depression in agriculture would be magnified many times throughout the economy, and would set off a serious recession, the effects of which would be felt in every part of the country.

I should like now to outline some of the steps I think are required to restore the confidence of our farmers and to avert the dire effects of a lagging farm economy. First and foremost, an expansion of our markets is required. The wheat board and the government must be very aggressive in searching out, developing, and maintaining reliable outlets for our products. The United States has shown us the value of aggressive salesmanship in the past year or two. It is imperative that we do the best possible job of advertising and selling our produce. Unusually high world wheat production during the past two years has made it necessary to adopt new sales methods and I feel confident this can and will be done. Grain prices have gone down somewhat in the past year. The best hope we have for improved prices is to increase the effective demand. In recent years we have learned that when the demand for our grain equals or exceeds our supply, the prices will improve. So, developing markets will have the twofold benefit of allowing us to sell more bushels, and at better prices.

I note references in the Speech from the Throne to a federal co-operatives act and to an export development act. I trust that both of these measures will contribute to more effective marketing of wheat and other farm products. I was also happy to hear the Prime Minister (Mr. Trudeau) say that the government and the wheat board are determined to sell at least 1.3 billion bushels of wheat in the next three years. Farmers will not be satisfied with anything less. Of interest too were the Prime Minister's remarks about a high level of wheat and flour content in our international development program. I am sure that Canadians are fully in favour of a maximum effort to ship our surplus food to the unfortunate peoples of the world, who need it, but do not have the funds to buy it. It seems to me that this is one of the better ways in which Canada can serve the interests of peace and world brotherhood.