

APPENDIX III

CANADIAN OUTLOOK 1967*

Dr. G. N. Irvine

Board of Grain Commissioners for Canada

Winnipeg, Manitoba, Canada

As a preamble to an examination of the present, and a look into the future, let us have a look first at the past six years of hard red spring wheat production in Western Canada. In the first chart we have the carryover as at July 31 for the past six years; this is the factor that weighs so heavily in determining overall policy. In mid-summer of 1961 we were getting a little concerned about what was beginning to look like a burdensome surplus; by fall we were glad to have it, as production that year was the second lowest in the past 40 years. Since that time we have considered a carryover of around 450 million bushels to be reasonable, and necessary, to ensure that we can take advantage of any selling opportunity, and also to ensure availability of adequate supplies for our regular markets when we have a short crop. By the end of July this year, the carryover will probably have risen somewhat above the desirable level but farmers will be in a better position than for some years to store a sizeable percentage of this on the farm.

Now let's look at how exports have been going during this time. The next chart shows our exports of hard red spring wheat during this same period. Here you see the massive effect of the Russian sales in 1963-64 and again in 1965-66. We seem to be getting into a period where our sales are likely to vacillate between a base level around 325 million and a "bonanza level" of just over 500 million. This latter level seems to be about as much as we can physically handle through our system at the moment since, in addition to hard red spring wheat, we export considerable quantities of durum wheat, barley, flax and rapeseed.

Production of wheat over this same six-year period, shown in the next chart, appears to be following some form of Parkinson's Law to the effect that "production will rise to meet the needs of the export market". There has been an interesting parallelism between production and exports over the last five years. This, I don't think, is entirely fortuitous, but indicates a certain degree of flexibility in planning on the part of our Western Canadian farmers. The crop of 1961 was not planned that way, of course, and serves to indicate the ever present hazard of the environment. Over a six-year period, we have had a three-fold variation from the lowest to the highest production figures.

The situation at the moment is buoyant. Gross farm income last year was at an all-time high. This, coupled with the assurance of at least two more years of heavy export sales, has completely driven out the conservative depression complex from its last strongholds in Western Canada. Our farmers know now that they can invest in equipment, on-farm storage facilities, fertilizers and pesticides and herbicides, with the assurance that there will be steady opportunities to

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