

## Current Wheat Policy

The fixed initial price of \$1.25 for No. 1 Northern, basis Fort William-Port Arthur or Vancouver, remained in effect until July 31, 1946. A few days earlier, on July 25, the Minister of Trade and Commerce announced that a four-year wheat agreement between Canada and the United Kingdom had been signed. Since Canada's current wheat policy has been developed on the basis of this agreement it may be well to summarize briefly its main provisions.

Under the four-year wheat agreement Canada will sell to the United Kingdom a total amount of 600 million bushels of wheat. During each of the first two years 160 million bushels will be provided at a fixed price of \$1.55 per bushel, basis in store Fort William-Port Arthur, Vancouver or Churchill. The United Kingdom during each of the last two years of the agreement will accept 140 million bushels of wheat at a price not less than \$1.25 per bushel in 1948-49 and not less than \$1.00 per bushel in 1949-50, basis in store Fort William-Port Arthur, Vancouver or Churchill. The actual prices to be paid during the 1948-49 and 1949-50 seasons will be negotiated and settled not later than the December 31 immediately preceding the crop year for which it is effective. In the event of the United Kingdom requiring from Canada any additional quantities of wheat that the Canadian Government is prepared to make available, such additional quantities will in all respects be subject to the provisions of the agreement. The contract provides that the agreement will be subject to any modification necessary to make it conform with any international agreements to which both countries later become parties.

On July 30, 1946 the Minister announced a new wheat policy with respect to western producers and domestic and export prices. As Canada's current wheat policy is concisely set out in the Minister's announcement, his statement is quoted in full:

"The United Kingdom-Canada wheat contract, signed on July 24, 1946, and announced to the House on July 25, is an important element in the new policy for western wheat producers that I now wish to describe. The contract establishes a market for a considerable proportion of the next four western wheat crops, with underlying price guarantees. This factor, along with the continued shortage of food-stuffs and the high prices of competing wheats, makes it possible to deal more generously with the wheat producer than I indicated in this House in March 20, 1946. At that time I announced the continuation of the initial price at \$1.25 per bushel, basis No. 1 Northern in store Fort William-Port Arthur or Vancouver, for the 1946-47 crop year.

"The new policy is based upon an initial price of \$1.35 per bushel basis No. 1 Northern in store Fort William-Port Arthur or Vancouver, applicable to all the wheat delivered to the Canadian Wheat Board in the five-year period from and including August 1, 1945 and July 31, 1950. The 1945-46 deliveries, based on an initial price of \$1.25, will be brought up to a \$1.35 basis by payment of a flat ten cents per bushel on all grades.

"As the House has been informed, the payment of about 12 cents per bushel as participation on the 1943 crop is now under way. This participation payment will be followed by one on the 1944 crop, the sale of which has progressed to a point where I am safe in saying that the participation payment will be upwards of 16 cents per bushel. After the ten cent payment on the 1945 crop has been made -- to bring the initial payment up to \$1.35 -- the plan is to place the remaining surplus from that crop in a five-year pool with the succeeding four crops of 1946, 1947, 1948 and 1949. Participation certificates will be issued in the usual way, but the payment on these certificates will not be made until after the conclusion of the five-year pool at July 31, 1950. In other words, the deliveries of all five years will be bulked in one pool, with the same initial price of \$1.35 ruling