

Alleged Failure to Aid Western Farmers

many of these items have been of substantial assistance; in other words, without them grain farmers would be in a worse position than they are.

The Emergency Wheat Reserves Act was deliberately designed to provide more assistance in times of grain surplus. Because of that provision alone, the final payment on 1967-68 wheat which was received this spring, was almost 11 cents more than it would have been without this storage payment.

Another program which has definitely helped is the doubling of interest free cash advances on farm stored grain. This is a program specifically established because of the grain marketing situation in which we find ourselves as a result of three successive bumper world wheat crops which exceeded previous records by 25 per cent. The federal government pays the interest on the money that is advanced to farmers under this legislation, I estimate that it will cost the government several million dollars to pay this interest bill this year.

The Wheat Board, with the consent of the government I am sure, is selling wheat below the minimums set out in the International Wheat Arrangement. I say, as I have on several previous occasions, that the government can do no less than support the price of wheat at International Grain Arrangement minimums. This was an international agreement arrived at by governments. It has been broken by government action, with foreign governments admittedly leading the way.

It is completely unjustifiable in my opinion for our government to allow the burden of this international price war to fall on our wheat farmers.

Some hon. Members: Hear, hear.

Mr. Douglas (Assiniboia): The precedent has been established. In the 11 month period from August 1, 1967, to June 30, 1968, the federal government did support the price of wheat at those levels, even before the International Grains Arrangement became effective. It was justifiable then, but it is even more justifiable and necessary now when the agreement has been signed and ratified, but has been broken by government action. Incidentally, Mr. Speaker, that guarantee in the 11 month period added about \$8 million to last spring's final wheat payment, and to that extent has been of material assistance to wheat producers. I might add that without a similar guarantee, made retroactive for the whole of this crop year, there will be little or

[Mr. Douglas (Assiniboia).]

no final wheat payment next spring. Without this support I fear that initial payments for the new crop year, which is just approaching, will have to be reduced.

It is suggested to me that it would be folly to support the price of wheat without at the same time doing something about controlling or reducing acreages. I submit that the quota system we have is a very effective control. Because of the low 6 bushel quota last year and the obvious outlook for an even smaller quota this year, farmers have voluntarily reduced wheat acreage by an estimated 12 per cent this year. The task force on agriculture recommended a reduction of 30 per cent in the next 10 or 12 years. At the rate of 12 per cent we would reach that target easily in three years. Or to put it another way, if farmers continued that pace there would be no wheat at all grown by 1980. If any further incentive to cut acreage is desired, I suggest a revival of the wheat acreage reduction bonus that was used during the second world war. I made this proposal some months ago. It is too late now to have any effect on this year's wheat acreage, but it could still accomplish two things. If the bonus were set at a level high enough to constitute a reasonable incentive, perhaps as much as \$10 per acre, it would inject up to \$40 million into the western economy right away and would reward those farmers who have voluntarily attempted to reduce the wheat surplus. It would also encourage more farmers to plan on cutting their acreage next year.

Some compare this proposal with the land bank program that has been in use in the United States. They suggest that farmers will tend to farm their reduced acreage more intensively and produce just as much grain on fewer acres. The situations are not comparable because Canadian farmers have one of the most stringent supply management systems ever devised, our quota system. Because of its restrictions last year and this year, farmers are not only reducing wheat acreage but have drastically curtailed their use of fertilizer and weed chemicals. I believe that compensation for wheat acreage reduction would be effective, beneficial and acceptable.

I want to again re-affirm my support for the two price system. I believe that farmers are entitled to set a price for their grain that goes into domestic human consumption, a price that bears a reasonable relationship to the cost of production and to prices most other Canadians get for the goods and services they contribute to our national economy.