

fixed on wheat in other locations and in other countries. Canada's share of the 500 million bushels is 230 million bushels, representing her normal exportable surplus. The importing countries collectively undertake to purchase 500 million bushels each crop year from the three exporting countries, if the latter desire a market for that quantity at the floor prices provided in the agreement. The floor price for the 1948-49 crop year is \$1.50 per bushel, decreasing thereafter by 10 cents per bushel for each crop year. Provision is made for the negotiation of narrower price ranges in the third, fourth and fifth years of the agreement if mutually acceptable to the exporting and importing countries. In the absence of such negotiations, floor and ceiling prices as stated above will prevail. The agreement further specifies the actual quantities which each of the importing countries undertake to purchase at the floor prices and has the right to buy at the ceiling.

Although the representatives of all 36 countries have signed the agreement, at the time of writing (June 23, 1948) the United States government has not as yet ratified it. In this connection, the Rt. Hon. C.D. Howe, Minister of Trade and Commerce, in replying to a question in the House of Commons on June 18, 1948 stated: "It will be the intention of the Canadian government to proceed with ratification of the agreement, but obviously, if the United States, one of the three producing countries, fails to ratify, it is unlikely that the agreement can come into effect. Our information is that Australia has ratified the agreement with the proviso that, unless Canada and the United States do the same, the agreement will not become effective as far as it is concerned." On motion of the Minister, the Canadian Government gave formal approval to the International Wheat Agreement on June 21, 1948.

#### Conditions During World War II

The second World War produced many changes in the wheat situation. Stocks of surplus wheat were heavy in the fall of 1939, but for the greater part of the first year of war international movement of wheat was on a fairly liberal scale. The invasion of Norway, Denmark and the Low Countries in the spring of 1940, and later the conquest of France, eliminated markets to which Canadian wheat had been sold in substantial quantities prior to the war, but this was offset by larger exports to Great Britain.

The shipping situation had greatly curtailed the movement of wheat from Australia and Argentina, and the entry of Japan into the war further aggravated Australia's position as a wheat exporter. As a result, Canada became the principal source of wheat supplies, particularly for the United Kingdom market, and has continued in that role up to the present time.

#### Wartime Shifts in Acreage

The first major change in wartime wheat policy in Canada was made in 1941, when the Dominion Government encouraged a reduction in the acreage seeded to wheat by direct payments to farmers. The growing demand for Canada to supply live-stock and live-stock products was largely responsible for the shift away from wheat to the production of feed grains. The existing reserve stocks of wheat were large enough to permit a drastic reduction in wheat acreage, and Canadian farmers responded to the new policy by reducing the acreage planted to wheat in 1941 by nearly 7,000,000 acres. Continuation of these payments into 1943 saw the wheat acreage in Canada fall to its lowest level since 1918 but, in 1944, when acreage reduction payments were discontinued, a sharp increase in wheat acreage took place. Further increases occurred in 1945 and 1946.