

Prairie Grain Stabilization Act

was required from a commercial point of view. This re-emphasized the tendency of having a full grain system which meant that grain could not be handled effectively, and it had the additional unfortunate effect that as the years went by it became more and more doubtful whether any of the good from the Temporary Wheat Reserves Act was being passed on to the farmer because more storage space was simply being built to make use of the greater amount of money which might be paid out under the act. It is true of course that at present our storage system is perhaps still more full of grain than one might like.

There have been some comments in recent days about the amount of grain in storage, with the emphasis on wheat. But the fact of the matter is that the total amount of grain in the country elevators is not much lower than it was a year ago. On April 1, the figures showed 307 million bushels of grain in the country elevators compared with 312.1 million bushels the year before. The mix of grain was different, reflecting the new position of barley and rapeseed, and indeed even the good marketing conditions for Durum and flax in this particular year.

● (12:10 p.m.)

Wheat storage was down by 50 million bushels, but the other grains were up by 45 million bushels in total. In these circumstances, we may well want to see some further reduction of the amount of grain in storage because the point that has to be made is that grain in commercial storage is often grain in an expensive position. Some figures by the Canadian Wheat Board on the cost in 1968-69 compared with 1969-70, of handling and storing barley are very instructive in this regard. In 1968-69 producers had delivered to the Wheat Board 75,317,000 bushels of barley. In 1969-70 they delivered over twice that amount, 163,447,113 bushels of barley.

In 1968-69 the total costs of storage and handling, including the interest rates and all the administrative charges of the Wheat Board for the handling of barley added up to \$7,933,000. In 1969-70 when more than twice as much barley was taken into the system and put through the system, the cost of handling, storing and administering that barley was actually a smaller amount in total dollars than in 1968-69. The total was \$7,449,583. This meant, on a comparative basis, on a per bushel basis the 1968-69 cost per bushel of barley was 10.53 cents, whereas in 1969-70 it was 4.55 cents, almost 6 cents lower as a dead weight cost, gained by the better proportion of through-put to storing the barley in the subsequent year.

This meant that there was available to the farmer in the second of those two years 6 cents more per bushel on every bushel of barley he delivered to the Wheat Board in that crop year. This is what has led the Board to conclude it should not, in the farmers' interest, carry too much wheat. But of course this was not a very effective method of stabilization in any case, because once the system was plugged, and it tended to be plugged prior to August 1, it was not possible in another year to fill the system because the farmers' income situation was particularly bad. So, the only other technique available was the one which was used particularly in the last crop year,

[Mr. Lang.]

and that was to make use of the cash advances system to allow the farmer to take more in advances than he would be able to repay in deliveries during the course of that year. This, as a way of getting cash into the farmers' hands, was in fact a tremendous help in the 1969-70 crop year, but of course the system of loans had its limitations, and indeed its difficulties from the point of view of the individual farmer.

We very much believe that the cash advances system still has an important purpose, but not by way of stabilizing income because we propose a different form of stabilization. The purpose, however, will continue to be one of obtaining cash for a farmer when delivery opportunities are not available. We foresee this happening less often because, as we see the system working now, we would hope it would not be plugged with grain as of August 1, and that grain deliveries during the harvest period, direct to the elevator, may be known again on our prairie farms.

What we propose to do, however, is to introduce through this bill a stabilization plan. This stabilization plan is effectively intended to make use of the kind of money which the government might otherwise in the past have paid out under the Temporary Wheat Reserves Act, although indeed it will involve more money from the government than would likely have been involved in the future under the Temporary Wheat Reserves Act because of the intention and the necessity to maintain less wheat in the systems, and particularly on any August 1.

The stabilization plan is designed to obtain from the producer, on the basis of his marketing of the six principal grains, 2 per cent of their marketed value, and to match that amount with a 4 per cent payment by the government. The bill proposes in fact that particular formula for a five year period, subject to a review then to see how the fund itself is operating, but it does enshrine the principle that for every dollar going into the stabilization fund from the farmer \$2 will go in from the federal treasury.

Because we have an alternative method for payment, or basing the payment on 90 per cent of marketings, the federal payment in any one year may be more than that. This really means, on the basis of the history of the past and on the projections of the likely stability in the future, payments to the farmer will tend to bring back to him \$3 for every dollar he puts into the fund. In the first five years this will tend to assure, in other words, that whatever is the over-all level of grain income on the farms, the stabilization fund will mean that the farmers' income will be at 104 per cent, the 100 per cent from marketings, and the 4 per cent from the treasury, of what it otherwise would have been.

It is true we expect, as I have indicated, that our marketing thrust will tend to mean a rising level over a long period of time of gross receipts for grain. This means that the sales levels will generally be moving in an upward direction, as indeed they have in the past long period of time. But in that upward rising line of sales levels, history and logic teach us that there will be dips,