

needed source of farm revenue but it has not as yet brought about a compensating adjustment in feed grain acreages. If the west is to continue its present rate of livestock production, larger feed grain acreages are required to provide adequate reserves. I mention this fact because it is a matter which I am not sure is fully appreciated by all farmers in the west.

Having touched on these factors, which have a distinct bearing on our problem, I wish to deal with the situation which we must face in the crop year 1941-42. As I have stated, as at July 31 this year, the Canadian carry-over in all positions will be approximately 575 million bushels. In addition we will have the 1941 crop on our hands. We do not know how large that crop is going to be, but if we produce an average crop we will have to deal with about 1,000 million bushels of wheat in 1941-42.—a supply of wheat greater than anything ever before contemplated and never before thought possible in Canada, and a supply which is beyond the immediate grain storage facilities of this country.

To emphasize further the seriousness of the wheat situation, I would point out that the United States will have a record carry-over this year, estimated at 400 million bushels. In addition, the winter wheat prospects are much improved over those of last year. Every effort is being made in Europe to increase wheat acreage. If this additional acreage is maintained after the war, possibilities of a large demand for our wheat are very much reduced.

The next question is how much of our actual and prospective supply of wheat can be disposed of in 1941-42. For seed, feed and human consumption an estimated total of 127 million bushels will be required. In addition we will export some wheat but our most optimistic estimate at the present time is that these exports will not exceed 180 millions. The maximum disappearance, therefore, will in our opinion be 307 million bushels.

On the basis of an average crop in 1941, we will have a carry-over at the end of July, 1942, of approximately 700 million bushels. Even on the basis of a very short crop (really a crop failure) we will still have a carry-over of over 500 million bushels. I do not need to stress to the house the seriousness of this position.

The financial aspect of the wheat situation is one which can only call for anxiety. The report of the Canadian wheat board for the year ending July 31, 1940, recently tabled showed a total loss of \$67,401,986.33, sustained in the wheat board operations on the 1938 and 1939 crops. These losses do not include interest on outstanding bank balances in connection with the 1938 crop or carrying charges in connection with the 1939 crop accruing since July 31, 1940.