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CASH ADVANCES CONSIDERED

Parliament will be asked to consider a system of cash advances to farmers for unsold grain, Prime Minister John G. Diefenbaker announced on August 29. The proposal will be submitted for the Commons' consideration "at the earliest possible date".

Mr. Diefenbaker also announced that the Government was proclaiming the Prairie Grain Producers' Interim Financing Act to provide loans to farmers and that a special committee of the Cabinet had been appointed to consider proposals for increasing the sales of Canadian wheat. Members of the committee are the Hon. Gordon Churchill, Minister of Trade and Commerce; the Hon. Douglas S. Harkness, Minister of Agriculture; and the Hon. Alvin Hamilton, Minister of Northern Affairs and National Resources.

The text of Mr. Diefenbaker's statement follows:

Recognizing the difficulties affecting Western farmers at the present time due to the accumulation over the past six years of unusually large surplus stocks of wheat, and the consequent difficulties in making deliveries from the farms of the present crop, the Government of Canada is proclaiming the Prairie Grain Producers' Interim Financing Act as a stop-gap measure to be available to such Western farmers as desire to utilize it until the House of Commons has an opportunity to consider a system of cash advances. The Government recognizes that the provision of loans

does not meet all the problems of the Western farm economy but is proclaiming the Act to provide some assistance until Parliament can act.

The interest rate which has been in effect under the Act in the past five years has been 5 per cent. During that period interest rates have increased by 1 per cent but even so the rate of 5 per cent per annum will remain in effect.

The Government intends to propose for the consideration of Parliament a system of cash advances aimed at providing, on an emergency basis, the best possible arrangement to meet the farmers' needs this fall.

This proposal will be submitted to Parliament at the earliest possible date so that assistance in that regard will be made available to farmers.

The large surplus of wheat held in elevators and on farms in Western Canada is one of the factors that requires the proclamation of the Prairie Grain Producers' Interim Financing Act and the preparation of a plan for cash advances. Indeed, if the estimate made during the last few days of the amount of wheat in elevators and on the farms is correct, Canada's surplus has been underestimated during the last several years by about one hundred million bushels.

The disposal of these surplus stocks of grain is a problem of major importance to the entire Canadian economy. As an indication of

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