

Grain Payments

available to producers. Indications are, however, that rapeseed acreages will be increased sharply this year to the point where surplus in this crop appears to be a likelihood.

We recognize that long-term adjustment programs are needed and the government is hard at work on these. In the meantime we are faced with a serious wheat surplus situation that must be relieved quickly if we hope to prevent this problem from seriously injuring the whole agricultural industry.

Producers on their own initiative reduced wheat plantings by five million acres in 1969. However, the current income and cash position of prairie grain producers makes it unrealistic to expect that producers would reduce plantings to a desirable level in 1970, bearing this further major adjustment without direct government assistance.

Government leadership is necessary if adjustment is to take place without creating more serious problems, not only for wheat farmers but for farmers throughout Canada, and by extension for the whole economy. Whatever government action is taken the weight of the adjustment must be borne by wheat producers themselves—and I believe they will accept the need to make the adjustment.

The government proposes to implement a program to reduce wheat acreage and to encourage farmers in the Wheat Board designated region to hold this land out of production of any crop this year. I have discussed this program fully with the leaders of farm organizations in western Canada and in many respects the program as it is now proposed has been improved by the adoption of their recommendations.

The proposed program is as follows:

Producers in the Wheat Board designated region who reduce wheat acreage below 1969 levels and increase summerfallow or perennial forage by the same amount will receive federal compensation payments of \$6 per acre for additions to summerfallow or \$10 per acre for additions to perennial forage acreage. Partial payment will be made before the end of July and the balance will be paid in the fall of this year.

Compensation payments will be available to a maximum of 22 million acres of additional summerfallow and 2 million acres of additional perennial forage. A maximum of 1,000 acres for any individual producer will be eligible for compensation payments.

[Mr. Lang.]

The actual cost to the government of the program, which will be administered by the Canada Department of Agriculture, is estimated at \$100 million.

Wheat delivery quotas for the 1970-71 crop year will be based on the total of

(a) 25 per cent of summerfallow acreage as stated on the producers 1969 permit book,

(b) total acreage of summerfallow in 1970, and

(c) the amount by which acreage in perennial forage in 1970 exceeds the acreage in perennial forage in 1969.

Quotas for oats, barley, soft spring wheat and other crops to which delivery quotas apply will be based on acres seeded to each crop in 1970. In addition, any producer may choose to allocate any or all of his acres qualified for wheat quota to any other crop instead of wheat.

This program will provide needed income to hard-pressed grain growers and encourage them to dispose of wheat stocks already piled up on their farms. It will allow farmers to cut back drastically on wheat acreage while at the same time discouraging the wholesale switch to other crops.

A sharp reduction in wheat stocks will greatly enhance the continuing effort to strengthen international wheat prices. Foreign buyers are not willing to pay top prices when they know we are sitting on a mountain of grain. If farmers get behind this program and support it to the fullest, as I am sure they will, the cash position of grain producers and the whole prairie economy will be substantially improved this fall.

This major initiative in reducing wheat stocks provides a unique opportunity for moving forward toward co-ordinated global programs of production policies for grain. The benefits from the new Canadian program will extend well beyond Canada to the world wheat economy. The governments of other exporting nations are similarly preoccupied with the problems of surplus production; some have programs in place or are examining new ones designed to minimize the problem. This initiative in Canada, which represents a new and much stronger attack on the problems of surplus production, should add impetus to international efforts to stabilize the world grain economy.

In order that this opportunity should not be lost, I have proposed to the governments of Australia, Argentina and the U.S.A. and to the Commission of the European Economic