

*Prairie Grain Stabilization Act*

possibility that our exports this year of all grains would reach a record total and would surpass the 685 million bushel level of many years ago. It continues to be very likely indeed that we will set this record, and that our exports may reach the 700 million bushel figure. At the present time, exports are running at a very good rate and stand well above the levels of a year ago. As of April 21, the total exports of grains stood at 430.9 million bushels compared to 267.1 million bushels a year ago. But, of course, in terms of the present year the important facts are the marketing program ahead.

The Canadian Wheat Board, with the co-operation of the railways and the elevator companies, particularly the terminals, has worked out a program which may well set a record both at Vancouver and at Thunder Bay in the course of the remaining months of this crop year. The block system is allowing a quick and efficient movement of grain when it is not impeded, of course, by forces over which we have little or no control. The delay in the opening of the seaway, one of the latest years on record, again has caused some concern in respect of our eastern program. But the Wheat Board is still confident that with the full co-operation which they have come to expect from the various agencies, 250 million bushels of grain will be moved from Thunder Bay to eastern destinations in the balance of the crop year.

• (12 noon)

This movement would be an all time record and would compare with the previous record of 221.8 million bushels which was established in the 1966 shipping season. This marketing has, of course, depended upon a sound movement of wheat and a record movement of barley as a result of our determination to be in this market, and also because of a very good movement of that new crop which has become such a successful contributor to income on the Prairies, the rapeseed crop. The record production is moving efficiently into market, and I pay tribute to all those who participate in making this market work so well.

While I emphasize the marketing aspects of our program, the fact that this year is an improved year, and that we will continue to strive for increased deliveries of grain into the markets of the world, the fact remains that there are strong forces at work which will create instability in our Canadian grains income in some situations unless measures like those before the House are put into effect.

The historic situation in regard to our marketing record shows why we must expect instability in grain income in Canada. World trade in grain is volatile. It is not at all unusual to see changes of 20 per cent or even close to 40 per cent in the amount of grain traded in the world, even in wheat alone in a given year. When one, for instance, looks at the figures for 1965-1966, one sees 2,298 million bushels of wheat traded in the world. Two years later, in 1967-1968, this figure had gone down in two stages to 1,876 million and one year later to 1,638 million bushels, a fantastic proportionate drop of 600 million bushels, or over a quarter of the total traded in 1965-66.

In that volatile market, of course, Canada's stake is very large. We would expect again to be at levels in the order of 23 per cent of the wheat traded in the world this year, and we tended to be there except for those two very difficult years when we tried, with the full support of the producers, to maintain prices at the levels indicated by the then new International Grains Arrangement.

Not only is our share of this market large, but the important thing is that the income of our grain producers is dependent upon our export trade. Here again, only one or two other nations come close to Canada in the extent to which export trade in grain dominates the grain picture. This has always been true for wheat, or as long as we have been significant wheat producers. It is not at all unusual for us to see five or six times as much grain being traded into the export market as can be utilized at home. This means, of course, that the volatility in the export market, the ups and downs in export, will mean serious ups and downs in the income of our grain producers. This has been more true of wheat than of barley, but as we move in our determination to an export barley market of magnitude, the same factors will tend to exist in that market as well, although it is true that that market is somewhat less volatile than the wheat market.

It is also true that with our growing interest in rapeseed, we will be dependent again upon the export market and subject to the ups and downs which may exist there in regard to rapeseed. There is no doubt that the diversifying of our exports from wheat, as it was in the past, to wheat, barley and rapeseed in the future may have some effect in improving our stability. But the instability will tend to exist, as the historic pattern shows. There is no secret about the logic as to why this should be. If you put together good crop conditions in the most important producing countries in the world, the trade in grain will change very remarkably as compared with another year where poor conditions may occur in those countries. In these circumstances, our grain trade will swing up and down remarkably from the good year to the bad year.

In the past we have basically had only two mechanisms for dealing with this instability in our export trade, and both of them were very limited in their availability. The first, which came to be used from time to time, was the pulling of grain into the elevator system beyond what might be required for commercial reasons and beyond what made sense from a real cost point of view. But in the desperate situation in which grain farmers found themselves over those years, this was a technique which was used. It had some seriously bad effects in that it impeded the efficient operation of our grain handling system which became storage conscious, and indeed so full of grain that it was not able to handle grain at maximum efficiency.

The Temporary Wheat Reserves Act which was brought in as a method of offsetting some costs in the agricultural community in the grain sector and which, when C. D. Howe was speaking about the legislation was referred to as, in his view, a better solution than a two price system as a means of obtaining money for the grain farmer, turned out over the years to accentuate the move toward putting grain into the system, whether or not it