

Prairie Grain Stabilization Act

government, by phasing out the \$70 million or so that was paid out of the wheat reserves fund, is saving that amount of money.

To some extent I am in agreement with the phasing out of the Wheat Reserves Act, but I believe if the money is to be used for subsidies it could be used in a better manner. While the original purpose of the Wheat Reserves Act was good, it did become clouded through becoming involved in a storage problem. None the less, I should like to point out that the wheat reserves fund represents a large amount of money that the Wheat Board paid to wheat growers at the time the wheat was delivered and, in effect, represents a part payment in that the farmer would be paid for grain before it was sold. So, the government really is not giving \$100 million. It is hardly recouping the farmer for the losses suffered due to the rise in the value of the Canadian dollar alone.

Then, we have the Lift program which was touted as an effective way to reduce the amount of wheat grown and in storage. There is no doubt it did reduce the amount of wheat. It was touted in the eastern papers that it would cost about \$125 million. In fact, however, I believe the figure is somewhere in the order of \$65 million. The result is that we have 10 or 15 acres per farm more in summer-fallow than ever before in western Canada. I must give the minister credit for introducing a new word to describe a certain type of summer-fallow. One does not often have an opportunity to introduce a new word into the vocabulary. I suppose in a normal crop year one may have ten to 20 acres more of stubble crop. The question, however, is whether this land will eventually produce a better crop.

What is the outlook in so far as selling Canadian wheat is concerned? If we study the picture, almost 60 per cent of our sales are to Communist countries or state-directed countries. These countries generally take our lower priced grain because their standards of living are low. They are dependent on aid programs and on long-term credit. As taxpayers, I am sure most of us are happy to extend these long-term credits and I do not find fault with this. I would point out, however, that these are somewhat artificial in application. The United Kingdom, Japan, Germany and so on have accounted for slightly more than half of our sales of wheat. This is quite a depressing picture. We are slowly losing out and may lose out very rapidly. For instance, we were able to sell approximately 36 million bushels to Japan, yet the United States has been able to capture sales of 100 million bushels and they have an inferior product to ours. So, in our assessment of wheat sales we find that the increase is largely the result of aid sales and credit sales, so we are not doing all that well in the traditional markets which can afford to pay for our higher quality grain.

Now, what about our barley sales? At the present time barley prices are very low. We are not selling as much barley for future commitment. Indications are that if Canadian farmers plant 15 million bushels of barley this year, with a possible yield of 50 bushels per acre which is not uncommon, we could end up with more barley than we know what to do with. The blight problem with the

United States corn crop does not seem to be as great now as originally indicated. Also, chemicals are now available to treat the corn in order to lower the incidence of blight, so we can expect to find increased competition from corn for our barley and other feed grains. The outlook for barley, therefore, is not all that rosy. The price for barley will certainly be low even if it moves in volume.

● (2:20 p.m.)

Finally, speaking of rapeseed, which has been an extremely good crop this past year, since the advent of the amendment to the Wheat Board Act by which the minister suggests that rapeseed, along with flax and rye, be put under the Wheat Board, there has been a drop in price from 45 to 50 cents. The activity on the exchange in the area where rapeseed is presently being sold is almost nil. Although the minister assured us that he has no intention at this time of putting rapeseed under the Wheat Board Act, there seems to be a substantial fear that he might, and at present it is upsetting the trade. I hope that before rapeseed is put under the Wheat Board, representations from farmers will be heard and there will be good discussions with the producers, the marketing people, and so on, to ensure that this move is advantageous to the Canadian rapeseed industry as a whole. We cannot allow this most promising crop, of which farmers expect 500 million bushels a year although this may be too great an expectation, to be mishandled.

Turning to the income plan promoted in the grain stabilization program, I should like to point out at the onset that 2 per cent of the gross receipts, although it may not seem high at first glance, is a relatively high amount to be deducted. Therefore, if this program is to function we hope that the payout will be adequate and will be channelled in such a manner that the producers will gain from it. When one considers that it is estimated that the net income of a farmer is only 15 per cent of his gross, 2 per cent of the gross income is a great deal of money. Like all businesses, farming in particular is run on a very narrow margin, so the commitment to deduct 2 per cent for every 4 per cent which the government puts in, has its advantage. It certainly indicates, however, that the producer will be carrying a large part of the burden.

What about the payout? It is with regard to the payout in the plan that I have most misgivings. First of all, payments are not to be made on the basis of an individual's loss but rather are to be based on the loss in the whole designated region, that is the prairie region, as against the practice in the past five years. Although perhaps people in other parts of Canada may regard the Prairies as one region, in practice they are three rather distinct provinces. My own province of Manitoba is considerably different from the other Prairie provinces. It's farm and grain economy differs from the Saskatchewan wheat district. It might happen that the province of Manitoba might experience a crop failure or a drop in sales but it would not receive any payment because the other two provinces may have a larger than normal sale of grain. Even though they might experience a crop failure but are able to sell wheat in storage that particu-

[Mr. Ritchie.]