

Wheat Acreage Reduction

people of Saskatchewan who are "crying" to get some, these \$100 million would at least serve some purpose and would not be destructive.

I suggest merely that these \$100 million be used to sell wheat at a discount in order to guarantee the western farmers a reasonable price.

[*English*]

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I am very glad indeed to have this opportunity to speak about the wheat reduction program which was announced in the House last Friday. I am particularly glad to have this opportunity to talk to my colleagues in this House and to hon. members, and perhaps particularly to address myself to hon. members from the provinces or the area of the Wheat Board designated region to which the program particularly applies. I address myself particularly to them because they should have a very good hard look at this program and try to understand it. They should not attempt to make a partisan issue of a matter as important as this.

It is, Mr. Speaker, of fundamental importance that the farmers of the designated region work together to examine their problems realistically and hard-headedly, and to solve them together with such help as the government of Canada can give them. In developing this program we have been acting on part of a long-term examination of every aspect of the agricultural or grains industry in western Canada.

• (9:10 p.m.)

We were faced with specific decisions about the crop in 1970. Work is going on upon every other facet of the industry because of the difficulties which the industry has faced. We have in this program a proposal for the crop in 1970. I want to examine this program and the theory behind it and urge hon. members to support it when they see what it can in fact accomplish.

In the process of developing this program we consulted with leaders of farm organizations in many long hours of deliberation. The hon. member for Mackenzie (Mr. Korchinski) suggests that I should talk to some of the farmers who will have to make decisions. I am happy to report to him that I had the opportunity yesterday afternoon to speak to 600 of those farmers in his own constituency.

[Mr. Gauthier.]

I was delighted, in the previous three days, to be able to be able to meet 1,500 farmers in two meetings in the constituency of the member for Battleford-Kindersley (Mr. Thomson). In all these discussions, Mr. Speaker, the farmers to whom I spoke were willing to face reality and examine the problems in a realistic way. There is no doubt in anyone's mind about the importance of a maximum sales effort for our products. There is no doubt, either, about what can be done and is being done in this regard.

An hon. Member: By Australia.

Mr. Lang: But, Mr. Speaker, what is also completely obvious—it is as clear to the farmers to whom I spoke as it is to me—is that we must be realistic in deciding a number of things, including our best sales prospects. We must be realistic, too, in deciding about our inventory. Not many industries can survive without paying any attention at all to the inventory question, because inventory is expensive. It is expensive to produce and it is expensive to tie up money, even the marginal cost of production, if the inventory is in excess of what is commercially required for sales.

What is also obvious to all of us, surely, is that having determined what is approximately the right inventory, we must over a long period of time keep our production and sales in balance. That is what is at the heart of this problem and this program at this time. An inventory is expensive, not only because of the marginal cost in producing it and the interest lost on that money, not only because of the cost of storage which year after year must be paid while the inventory is carried, but because of the effect it can have on the price of the product in the world when you have excess inventory.

It is important for one other extremely basic reason, and that is because the excessive inventory of wheat in the Prairie region this year was going to have one very clear effect—it was going to press farmers into production of every other crop you can name, so that the excess inventory or surplus problem would have been spread throughout the whole grain industry. Farmers were aware of this fact; they were aware that inventory was in excess.

Generally speaking, they agreed that we are carrying almost one billion bushels of wheat, as we will on July 31 next; we are carrying 500 million bushels more than we