

*International Wheat Agreement*

ment, I believe the agreement would function well. Without the United Kingdom, the agreement as it now stands is bound to run into difficulties, in my opinion. Certainly it is going to be much harder to operate the agreement successfully in the interests of the producers without the United Kingdom. If you have a country that has 30 per cent of the quota set in this agreement shopping around the world for wheat, going to Canada which has large surpluses; the United States, with large surpluses, and the Argentine, which is likely to have a sizeable carry-over this year for the first time in many years; and going to Russia—then there is certainly a real possibility that the competition amongst exporting nations may result in a reduction in price below \$2.05 per bushel. I feel that this agreement can work best in the interests of the producers if the United Kingdom has to pay the international wheat agreement price, whatever it may be, and that can only be accomplished if Canada and the United States see to it that neither one dumps surplus grain on the market. Just as sure as that is done, it will result in a serious reduction in the price of wheat. I think the agreement, suffering from the fact that Britain has not signed it, may work almost as well without Britain if the authorities in the United States and the authorities in Canada feed the wheat on to the international markets in exactly the same quantities as wheat would be placed on the international markets if Britain had been in the wheat agreement. If our friends to the south refrain from drastic action, I feel there is a good possibility that the price, both in the international wheat agreement and outside, may be fairly satisfactory within the next three-year period.

We in this group have always supported an international wheat agreement, whether it was the Canadian-United Kingdom wheat agreement or whether it was the international wheat agreement that is now operating, or whether it is the wheat agreement that we are being asked to endorse. We feel that the measure of stability that farmers are assured is worth a great deal to them. We feel that the producers would not have had any real criticism of the United Kingdom wheat agreement or the present wheat agreement if the government of Canada had taken steps to hold down the farmers' costs of production after the agreement had been signed. We have a range of prices that promise some stability for the producers in the next three years. If the agreement were working right now, I imagine the price would be at the ceiling. In other words, there will be a gain of 19 cents

per bushel in price which will, to some extent, compensate the farmer for recent increases in costs of production. If the farmers' costs of production taper off or go down, then the ceiling price as it is will be satisfactory. But if we should run into another inflationary period, and the government should again allow great increases in the farmers' costs of production, then this agreement would not be satisfactory. It is not a criticism of the agreement. All I am saying is that with the prices set within that certain range it is necessary for the government here to see to it that the farmers' costs of production do not fluctuate to a larger percentage than the possible fluctuations in the wheat agreement.

We not only support the agreement today, but we would like to see this principle extended to other commodities. Over the last few years we have seen a large increase in the production of coarse grains, not only in Canada but in other countries of the world which are the chief exporters under this agreement. We would like to see an international commodity agreement in regard to coarse grains. We hear that the Japanese and other countries are becoming more interested in purchasing Canadian barley for human consumption. We have a market for oats in the United States. It may be an uncertain market, but recently it has been of importance. We would not only like to see an agreement like this wheat agreement with all countries signing it, but we would like to see this same principle extended to other commodities.

I wonder if you would call it one o'clock, Mr. Speaker?

At one o'clock the house took recess.

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The house resumed at 2.30 p.m.

**Mr. Argue:** Mr. Speaker, in this agreement there is one provision that, in my opinion, constitutes for producers a considerable advantage over the provision in the previous agreement. I refer to the clause which provides that the funds in which payment is to be made for the wheat are to be Canadian funds. Because of that fact there will not be, in addition to whatever fluctuations may take place between \$1.55 and \$2.05, any fluctuation because of the change in the value of the Canadian dollar. During the life of the four-year wheat agreement that is still operating, we had a fluctuation of as much as 25 cents a bushel in the price received by the wheat board because of a fluctuation in the value of the Canadian dollar. For a time, because of a ten per cent discount on Canadian funds as related