

We hear the myth perpetuated that stocks are in short supply.

Can the minister explain, for example, why the price of wheat has been falling steadily since the beginning of 1975? Since the beginning of this year, the price of No. 1 Canadian western wheat has dropped by about \$1.50 a bushel. Many grain producers cannot understand this. They have been led to believe that global supplies remain almost as tight as they were one year ago. Many export buyers are reportedly taking lower grades than they normally would buy, partly because of price but mainly because the grains they prefer are not available.

We read conflicting reports coming from the United States. The United States department of agriculture insists that that country's wheat supplies are 17 per cent higher than they were a year ago, although other grain stocks are down by 26 per cent. The commissioner of the Canadian Wheat Board does not think that supplies are now as plentiful as United States authorities have indicated. It creates confusion in the minds of producers, making it very difficult for them to rationalize the decline in prices, when these reports are made. I had hoped the minister would have outlined to the House what the future holds with regard to grain marketing in this country and, indeed, in the world.

● (1550)

We have suffered severely as a result of inability to meet our grain commitments. Canada has lost its good reputation as a reliable exporter of grain. Naturally, the labour situation has had a great effect on this situation. Hundreds of millions of dollars have been lost by the producers because of our inability to deliver. Losses have occurred as a result of reduction in price and the accumulation of demurrage costs.

As the hon. member for Dauphin (Mr. Ritchie) pointed out, the Palliser Wheat Growers' Association referred to the 1974-75 export year as a disaster for prairie grain growers. It is interesting to note, over the past three years, the dramatic decline in our export of all grains. In 1972 we exported 572 million bushels, which included 364 million bushels of wheat. In 1973 we exported 416 million bushels, of which 249 million were wheat. In 1974 we dropped to 384 million bushels, of which 230 million were wheat. Therefore, there has been a rather dramatic decline.

The only compensating factor is that the prices for 1974 were at a fairly high level. Of course, if we are on the decline in terms of our total market penetration, together with a decline in prices, it certainly spells havoc for the western producers in terms of gross income and net income. I quote from the Palliser Wheat Growers' Association Newsletter No. 40 of June, 1975:

It is reliably estimated that because of our inability to deliver on this year's contracts, we have permanently lost 20-25 per cent of the Japanese market; up to 50 per cent in the United Kingdom, and "substantial reductions" in purchases by China—three of Canada's biggest customers.

The prospects for 1975-76 are not promising. Price guarantees for the coming year are set at \$2.25 for wheat and \$1.65 for barley. Reduced sales at lower prices are forecast. When combined with predictions of high inflation rates, high wage demands and further work stoppages, it is not a rosy picture.

### *Grain Advance Payments*

I hoped the minister in charge of the Wheat Board might have been able to offer some ray of hope to dispel that gloomy picture at this stage, because this will probably be the last grain bill we will deal with before this parliament recesses. It will certainly be the last grain bill before this crop year comes to an end. We should also look at the operations of Canada's domestic feed grain operations. It is reported as follows in the James Richardson and Son, Limited, Grain Letter No. 7 of May 8:

Canada's new domestic feed grain policy may be heading for some problems, unforeseen at the time of its inception last August. Because international feed grain prices have dropped rather abruptly in the past few months, bid prices for western grain have been inadequate to compete with the presently prevailing initial payments offered by the Canadian Wheat Board. As a result, there has been a decided swing to deliveries by producers to the board, which is likely to continue at least until July 31 when the new lower initial payments take effect, or unless market prices improve. In any case, there currently exists a rapid dwindling of available feed grains in the open market. To date the Wheat Board have chosen not to be participants in the market even though it is evident that there are higher prices prevailing domestically than for export.

That is a rather disconcerting anomaly in this country: we have a pricing situation where feed grain prices are higher domestically than for export. We sell our feed grains to Japan at less than the price we charge domestically. Therefore, we are not in a healthy situation. I hoped the minister would give us the benefit of his knowledge of the grain trade and his association with the Canadian Wheat Board to a very close degree, and would outline to the House and the country the prospects as we go into a new crop year.

All this means that we are looking at lower returns and increased input costs. The grain growers of this country are faced with a very serious cost-price squeeze. In every area in the production, marketing and movement of grains there is a very dramatic escalation of costs. For example, the cost of handling grain in this country in the past 12 months has risen from 3.8 cents a bushel to 16.75 cents—a tremendous increase. Fertilizer prices have increased by 53 per cent. In the past 12 months, weed killers and weed sprays have increased by 79 per cent. Twine has increased, from an already high level, by 30 per cent. There have also been increases in fuel costs, machinery costs, parts and labour. The agricultural specialist with the Bank of Montreal, Mr. Gibb, states that with a yield of 25 bushels per acre, a farmer will have to realize a minimum of \$3 a bushel in order to break even. Of course, much of the utility grade that we are selling today is yielding that figure, if not less, so the prospects are not promising.

While we welcome this legislation, while it is needed and the concept of the advance is good, it does not serve as a logical substitute for an aggressive marketing policy. Nor does it serve as a substitute for getting our grain to the ports and loaded on the ships in time. It does not serve as a substitute for enhancing or improving Canada's reliability as a good supplier of export grains.

These are the issues to which this government should be addressing itself. I sincerely hope it will get on with the job of solving labour disruptions in this country. There are 30 or 35 unions which can disrupt the movement of grain at any given time. I know the Minister of Labour (Mr. Munro) has announced that there are consultations going on at the present time to establish a means of overcoming