

International Wheat Agreement

out that we have had three tremendous crops and, by the law of averages, most of us who have been associated with wheat for many years and who know a great deal about crop averages, know that we cannot go on getting bumper crops always. The wheat surplus throughout the world is held in strong hands, in fact it is held by governments; and I am perfectly satisfied that the governments which hold those surpluses today are not going to sell them at fire sale prices. Therefore I have no hesitation in saying that \$1.40 for north-erns and \$1.50 for durum will be the initial prices next year. When all the factors are known, as they will be toward the end of July, it may be possible to increase the initial payment for wheat moderately.

As far as barley is concerned, the initial payment for this year was 96 cents for 3 CW 6-row barley. That will be the initial price for next year. I cannot think of any reason why the initial payments should be increased on barley and I know of no reason why they should be lowered, although we had a tremendous crop of barley and still have substantial stocks unsold at this time.

As far as oats are concerned, the initial price this year was 65 cents for 2 CW oats. That will be the initial price next year. The worst that can happen with oats is that we may have to ration deliveries in step with sales. The crop of oats last year was tremendous, and the marketing has not been active, largely because deliveries were not particularly brisk. We still have a tremendous stock of unsold oats. There is some suggestion that our usual marketing arrangements in the United States will be interfered with. I can see no reason why that should be so; nevertheless that is the one obstacle that could interfere with our present marketing program.

There you have the worst story that I can predict: \$1.40 for north-erns and \$1.50 for durums, in wheat; 65 cents for 2 CW oats; and 96 cents for 3 CW 6-row barley.

I am very glad indeed to find that in this discussion, all parts of the house seem to favour signing the agreement. I think our discussion represents the views of the country as I have been able to interpret them. I am interested to note that the *Winnipeg Free Press*, which has taken a very positive stand on wheat agreements up to date, has nothing much to say for or against at the moment, which I think is a good omen. So I think we can say that there is unanimous consent for signing the agreement.

One statement was made by a member to the effect that payments under the agreement will be made in Canadian dollars at

par. That is not correct. Payments may be made in Canadian dollars but they will be made on the basis of United States dollars. In other words, if Canadian dollars are at a premium, the price under the agreement in Canadian dollars will be discounted accordingly, and vice versa.

Mr. Quelch: I wonder if the minister can inform us why it does not say that in the agreement. Under the agreement it would appear to be payment in Canadian dollars on the basis of 1949.

Mr. Howe: It says that payment is in Canadian dollars the value of which will be determined by the international monetary fund. That will be on the basis of \$35 an ounce for gold.

There was some discussion about why the United Kingdom did not sign the agreement, and the reason given has been lack of dollars. Well, I have not been entirely satisfied in my belief that the United Kingdom may not have received all the good advice they should have received about the agreement. It is rather significant that expert grain men in every other country which buys wheat have thought it wise to sign, yet the grain men in the United Kingdom have thought it unwise to sign. The one thing I am sure of is that the decision not to sign was not based on an expected saving in dollars by purchasing wheat outside of the agreement.

The fact that the United Kingdom did not sign will mean that she will buy wheat at the world price. You may say that the world price may fall until it is below the agreement price, but that is not possible until the agreement price reaches the floor of \$1.55. If the world price comes down, of course the agreement price will come down, since it cannot possibly be higher than the world price. No one is obliged to buy under the agreement if he can buy more cheaply outside the agreement. The agreement, therefore, would not function; that is, no wheat would be sold under the agreement if the agreement price were higher than that of wheat sold outside the agreement.

In order for Great Britain to save dollars under this arrangement she must contemplate the price of wheat dropping to \$1.55. I doubt if she expects that to happen. Certainly I do not expect that to happen. I have been surprised at the advice Britain has been getting. As a sample, I am going to read Major Lloyd George's statement in the House of Commons. This extract is taken from the