

Wheat Sales

evidence before the Committee on Agriculture. At this point the hon. member for Swift Current-Maple Creek (Mr. Hamilton) was questioning Mr. Vogel as to what actually was being done to encourage the market, and Mr. Vogel replied:

—with wheat in the supply and demand position it is, and with so much of the wheat from Canada moving now by means of directly negotiated contracts by the Board, that there is a very limited function and source of revenue for them.

He was referring to independent grain salesmen. In other words, most of our sales in recent years have been directly contracted by the board with Russia and China.

How were these prices arrived at, and over what period of time were the contracts to run? At page 43 of the same committee proceedings one can find the answer to this question in a reply to the hon. member for Dauphin (Mr. Ritchie). Perhaps I should read his question:

Where is the basic world price of wheat set, the Chicago market, the futures market?

The Chairman of the Canadian Wheat Board replied:

The basic price of wheat for years has really been set by the American government subsidy. Now, it is no longer a factor. At the moment the American markets themselves are a very major factor, but they have been very speculative.

I should like to underline that word "speculative". The Chairman of the Canadian Wheat Board realizes that prices today are no longer set by American subsidy, but rather by the American markets. Because the United States is reducing its subsidies on grain production the American market prices are very speculative, and I cannot over-emphasize that fact. I want everybody to clearly understand what this minister has done.

Let me refer to page 72 of the same committee proceedings where we find a series of questions asked by the hon. member for Dauphin as follows:

Can you in a general way say how you negotiate with China and Russia, without giving details? Can you give a general outline?

Mr. Vogel replies in part:

This is no reflection on the Chinese at all, it is simply a different society and a different way of doing business. However, if we are successful in a negotiation then the outcome is a contract for a quantity extending over a period of months ahead.

The hon. member then asked:

How long is the usual firm price? Do you negotiate for so many bushels over a six-month period?

MR. VOGEL: Sometimes as long as 12 months.

MR. RITCHIE: Usually six months?

MR. VOGEL: No, I would say more usually 12 months.

Then, the hon. member for Dauphin asked:

You tend to negotiate on the world price at that particular time?

MR. VOGEL: Yes, but we tend to negotiate on—

MR. RITCHIE: Generally, you have no escalators or de-escalators in your contract?

MR. VOGEL: You will not have, and in my opinion, you cannot have if you want to deal with this type of market. There is a planned economy. As buyer, they want to know and they insist on knowing, exactly what their position is going to be vis-à-vis supplies for the period ahead.

So, one can clearly see that rather than paying attention to our traditional markets, Japan, Great Britain and Europe, we have geared ourselves, under the direction of the present minister in charge of the Canadian Wheat

[Mr. Horner (Crowfoot).]

Board, to supplying these planned economies on a long-term basis, 12 months ahead, at a set price. Anyone knows that no matter what you are selling, if you are going into a rising market you would be foolish to sell at a set price for a 12-month period. That is, in fact, what has been done, and one may wonder why.

Let us cast our memories back to the spring and summer of 1972. There was an election in the offing and this minister wanted to make sales. Let me refer to a newspaper clipping from the Regina *Leader-Post* of February 28, 1972, where we find this statement:

Mr. Lang described the sale as a "tangible follow-up" to Prime Minister Trudeau's visit to Russia last spring and Soviet Premier Alexei Kosygin's Canadian visit last October—

That appeared under the heading "185-Million Bushel Wheat Sale to Soviet". One can see how politics played a part in that interference with the Canadian Wheat Board. We sold wheat for a 12-month period at a fixed price, and the farmers were fearful they would not get much in final payments.

Let me refer to the *Globe and Mail* of June 3, 1972 where we find an article headed "Canada Concludes Large Wheat Sale to China Worth \$100 Million". We find this stated:

There was quiet glee in Mr. Lang's voice as he told MPs of the sale—

He knew there was an election coming up and he thought this sale would do much to project his hopes for re-election and more control over the western farmer. There is no doubt in my mind that the government ignored our marketing principles, and disregarded our traditional customers, for the sake of the Liberal party in western Canada rather than for the benefit of western farmers.

Some hon. Members: Hear, hear!

MR. HORNER (Crowfoot): Let me refer again to page 22 of issue No. 5 of the proceedings of the same committee. Here, we find the Chairman of the Canadian Wheat Board answering the hon. member for Vegreville in the same manner he has answered other members. He said:

Yes, indeed. There is more grain that could be sold now if it were on hand.

That is clear and simple. We have not got the grain on hand, and we are losing sales. No one minds losing sales when the price is very low, but when the price of wheat is something like \$3.15 a bushel at Thunder Bay, one can only conclude that the direct interference by the minister has not been of benefit to the western farmer, but rather has been done for the benefit of the Liberal government in western Canada.

Let me now refer to page 15 of issue No. 10 of the evidence before the Committee on Finance, Trade and Economic Affairs. I had pointed out quite clearly that we should look at the final, realized price of \$1.59, the lowest in the last 20 years, and I asked the minister why he was trying to tell us he sold our wheat at the highest possible price in July, 1972. One need only look at the annual reports of the Canadian Wheat Board to see that this was the lowest realized price. One would have to go back a long time to find the price below \$1.59. That was the realized price for 1971-72. The minister has this to say: