

It has been suggested that Canada and the United States are "ganging-up" against the rest of the world. This is simply not the case. If there were any agreement between us to divide world markets or to maintain prices, there would have been no point in the protests that Canada has been making. There is no cartel or anything approaching a cartel, and I do not think that the Government of either country would agree to one being formed. All that Canada is striving to do is to prevent a recurrence of the sort of situation that arose in the 1930's when each exporting country, in its anxiety to unload its surplus, kept offering at lower and lower prices until top grade wheat touched 37 cents per bushel in store at the Lakehead - without bringing about very much change in the size of the surpluses themselves.

Strangely enough, I have heard suggestions that Canada should deliberately imitate the United States policies of surplus disposal. It has been suggested to me, for example, that Canada should sell wheat for local currencies. What this really means, of course, is that Canada should go in for disguised "give-aways" or discounts, because that is what sales for local currencies amount to. Quite frankly, I do not see how Canada could hope to go on selling wheat for dollars or the equivalent of dollars to our best customers, and at the same time offer wheat for local currencies to other countries. If the local currency is as good as dollars, then there is no difficulty in selling for dollars. If the local currency isn't as good as dollars, then the wheat is really being sold at a discount, and in extreme cases for nothing. I hope that Canada will never have to resort to this kind of unfair and unwholesome trading practice. Let us continue to deal openly and above board with all our customers.

The third most important reason for present marketing difficulties is, in my view, the subsidization of wheat production in so many countries of the world, both importing and exporting. When I hear people say that the price of Canadian wheat is so high that it is encouraging production in other parts of the world, I wonder whether they have really looked at the facts. What is the price of wheat to producers in the United Kingdom? As closely as I can figure it, the price is about \$2.25 per bushel. In France it is \$2.60, in West Germany \$2.75, in Italy \$2.80.

This continuing subsidization of wheat is one of the chief reasons for the current world surplus of wheat. At a time when exporting countries are fully able to supply importers' needs, the importing countries, by high internal prices, are encouraging their farmers to go on increasing their production. This is economic nonsense. The world would be richer, and so would the importing countries themselves, if this form of distortion of production were to be abandoned. The Government of Canada is doing, and will do, everything in its power to influence other countries to move in the right direction. That is one of the principal reasons why Canada continues to support the idea of an International Wheat Agreement.

Why then are we facing serious marketing difficulties this year? I have given three main reasons: superabundant crops in Canada, disruptive surplus disposal operations by the United States, and heavy subsidization of wheat production in many countries. These reasons lie beyond the direct control of the Canadian Government. Certainly they are not attributable to the Wheat Board system of marketing.