

Wheat Sales to Red China

credit to a John Bircher. He collected all the scuttlebutt he could find in the fan-tan clubs of Hong Kong and published it as truth. Where is he today? He is an executive assistant to a minister of the crown. I have sat idly—

Mr. Pickersgill: Idly is right.

Mr. Hamilton:—for two and a half years and taken this. I would also like to point out that on two occasions when I was minister, motions were moved by hon. members who are now ministers, asking that the agreement be produced. I am glad the minister has not produced that agreement, because if he did so he would be acting contrary to the principles of the wheat board and the interests of the farmers. I am glad members of the government are learning responsibility, now that they are sitting on that side of the house.

Just in case the minister feels I am letting him off too lightly, I would point out that for the past few weeks he has been going out west and telling the farmers that the Canadian wheat board is their organization for the selling of wheat. He nods his head in the affirmative. This is all very fine, but he should remember that most of the wheat is sold by private enterprise firms acting as agents for the wheat board, and that if he himself does not play an active part we will be in as serious trouble as we were in when he was deputy minister, when we took office in 1957.

I now want to say a word or two about the quantities. In the announcement it is stated that the minimum is 3 million long tons and the maximum 5 million long tons, or 187 million bushels. What does this mean in relation to the previous agreement? If you want to measure the relative sales, the Chinese in their commitments to Canada to take a certain amount of Canadian grain over the three year period 1961, 1962 and 1963—which is not over yet—indicated they were willing to buy up to 276 million bushels of grain during that period.

Now the present indication is that, taking a three-year period by going back to August 1, and extending it on for three years, they have come out with a maximum of 187 million bushels, worked out in round figures the farmers will understand. The farmers expected to sell roughly 90 million bushels of grain a year to China under our government. Under this agreement they will sell 60 million bushels.

I think the Minister of Trade and Commerce should be congratulated on selling so much grain to them in view of the type of things said about the Chinese during the last two and a half years. On behalf of westerners I can

say that we are grateful that the Chinese bought any at all, under present circumstances.

I could deal at some length with this business of overlapping the contracts, but instead I shall just take a few of the salient points in the agreement. The credit arrangement has been changed to 25 per cent down and 18 months to pay. The first arrangement on credit was 25 per cent down and the balance in nine months, and we amended that in the last agreement to 25 per cent down and the balance in 12 months.

At this stage I would like to make a suggestion in which I know I will be joined by others. Indeed the Secretary of State is very much aware of this suggestion and it is that since the Chinese have demonstrated that not only do they pay their debts on time but ahead of time then now is the time to consider bringing this type of credit arrangement with the Chinese, whereby the federal government guarantees unconditionally any losses, under the terms of the Export Credits Insurance Act.

We enlarged the scope of that act last session from \$200 million to \$400 million, and I would suggest that the minister may be faced with the necessity of coming back and telling us that the \$100 million provided in the revolving fund may not be large enough if the Chinese buy up to the maximum. I think I can assure him that we will support any move on the part of the government to support this credit sale under the Export Credits Insurance Act to the Chinese.

In conclusion I wish to say that the situation in Canada in regard to sales of grain is a challenge to the minister. We produced a better than average crop last year, and I hope we will produce an even better crop this year. However, the crop is not yet in the bins, and the minister must be made aware, daily and hourly as I am, of the reports of stem rust sweeping through southern Saskatchewan. It will not do any harm to the wheat, except to delay the maturing of the grain, and the delay in the period of ripening of the grain may put us into the frost period.

This has an important bearing on Chinese sales for future contracts. If the frost comes—and I hope it does not—we may find ourselves with a tremendous number of millions of bushels of low grade wheat, and I suggest that if there are going to be large amounts of low grade wheat, then the wheat board officials should be asked immediately to go to the Chinese and say, "We are prepared to renegotiate and give you many more bushels of low grade wheat instead of high grade, which is all we had to sell previously."