

*International Wheat Agreement*

**Mr. Sinnot:** Are you for or against it?

**Mr. Speaker:** Order.

**Mr. Ross (Souris):** You will realize before I am through. These are very interesting interjections, and I look forward to hearing these hon. members make their own speeches.

Probably the most disappointing feature about the agreement is the fact that Great Britain has refused to sign it. Great Britain has always been our best customer for wheat and, for that matter, other agricultural products which we do not sell to them now. According to the last wheat board report, for the crop year 1951-52 Canada exported some 357 million bushels of wheat and flour. Of that amount 127 million bushels of our wheat and flour went to Great Britain, which gives some idea of the importance of that market. Under the new agreement a total of 595 million bushels has been set and 177 million bushels have been allocated to Great Britain, a great percentage of the total. As the Minister of Trade and Commerce (Mr. Howe) has said, if Britain refuses to come into the agreement we shall have to take another look at it following July 15. We are today only speculating. We do not know what this agreement will mean in the way of figures until after July 15, which is the deadline for the different countries to really decide whether they shall be part of the agreement or not. While today is the final day for the signing of the agreement by those interested, as the minister has stated, they have up to July 15 to make their final decision.

**Mr. Howe:** I did not say that. I said that we would take a look at the initial payments for wheat—and Canada will accede to the agreement.

**Mr. Ross (Souris):** On April 17 the minister was asked a question about Canada's position in view of the remarks of United States officials to the effect that if Britain did not come in the United States could not accede to the present quota. The minister answered on page 4006 of *Hansard*, and I shall read the last part, the important part of that answer:

In any consideration of the future, we must keep in mind that the British will require 200 million bushels of wheat from the world supply. Whether they purchase it under the agreement price or the class II price does not alter the fact that the United Kingdom will require wheat. I do not think Canada, the United States or Australia would like to commit themselves, within the agreement, to the point where they cannot take care of Britain's needs. I do not know what the agreement will look like. If after the middle of July it is found that Britain has not acceded there will have to be a meeting and a new allocation made. Just what that will be, I do not know.

Those are the exact words on the subject by the responsible minister and I think they furnish proof of the fact that we will not know what this agreement will mean to us as a great producing nation until after July 15. That was the point I was attempting to make.

There is another disappointing feature and it is the fact that there is no escalator clause to take into account cost of production during the life of the agreement. While the cost of production to the wheat producers was steadily rising, and there was a request from their officials that the increased costs should be taken into account, the Minister of Finance said that it could not be done. I am sorry that there is no such provision in the present agreement.

Freight rates are one of the greatest factors in production costs of the farmer and they have been increasing. They are added to the cost of goods purchased from manufacturing centres by people on the prairies, for their production. Those same freight rates apply to sales by western producers so they feel those increases on shipments both ways.

The *Economic Annalist* put out by the Department of Agriculture in April, 1953, points out that since April 7, 1948, there has been a 98 per cent increase in freight rates with the granting of the five various increases during that period. On page 43 of that publication there is, I think, a very enlightening paragraph which reads:

Because of the level of corporation income tax, it takes about two dollars of new rail revenue to provide an additional one dollar net. Moreover some important segments of freight traffic are not subject to the general increases authorized by the board.

That gives you some idea of what this government's heavy taxation is costing farm producers. I know that my good friend the Minister of Agriculture (Mr. Gardiner) will talk in the west about the small percentage of farmers who pay income tax and he will say that they should not be concerned about taxation. However, as taxation enters into the cost of everything used for farm production, that taxation to a very large extent is borne by the farmers in the west, whether they show a profit or not. I think that freight rates are out of all reason and when increases are granted they are not spread over the entire system but the maritime provinces and the western provinces bear a very great burden in those added costs—something which is, in my opinion, very unfair. I think there should have been made in the agreement some stipulation which would take into account the matter of