

Supply—Trade and Commerce

and by sales for local currency, the United States has been disposing of its wheat on world markets in such volume that great damage is being caused to commercial markets for Canadian wheat and flour.

It is that interference with commercial markets to which objection is taken. I mentioned particularly their barter deals. I have not had any instances of their local currency arrangements which have seriously damaged Canadian sales of wheat. But if those local currency arrangements are made in normal commercial markets, naturally that is damaging to Canadian sales; and also long term loans, as I say, of the 40-year variety and so on. What I intended to emphasize was that the barter deal and the heavy subsidization of flour were the two things with which I was most urgently concerned. Any program of aid to the less well endowed countries of the world by the United States could not raise any objection on the part of Canada. For greater clarity I perhaps should have dealt with the subject of long term loans and the acceptance of local currencies. But as I say, at the moment I am not aware of any of those projects interfering seriously with Canadian sales. So long as the normal commercial markets are not interfered with, we cannot object to a generous United States surplus disposal program.

Mr. Zaplitny: In order to clear the matter up may I say this. I consider this to be of great importance. I do not wish to be unkind to the minister at all but it seems to me that he is dragging something in by the ears at this point. His statement was fairly categorical, that he had no objection to the surplus disposal program of the United States, with two exceptions which he specified. Now he is dragging in long term loans. Are we to understand that that would be his third specific objection?

Mr. Churchill: That will be a third objection, if they interfere with normal commercial markets by that practice. But as I say, at the moment I have no knowledge of any interference along that line.

Mr. Zaplitny: I am afraid the minister, with his much greater command of vocabulary, can get away with what he is now saying because he qualified his statement by saying "If it interferes with normal commercial patterns or practices". I think the minister will admit that every form of competition in trade interferes in one way or another with commercial transactions. That is a qualification which hardly meets the definition of what he is objecting to. Let me put my question in this way. Let us forget what the Minister of Finance said the other day. He says many things that are better

forgotten anyway. Let us forget that and let us start from today. As of today, do we understand that the policy of the government now is that with the exception of barter deals, the flour subsidy, long term loans and acceptance of local currencies, it has no objection to the surplus disposal program of the United States?

Mr. Churchill: In fairness to the United States may I say this. I think it is sometimes overlooked that a great part of their surplus disposal program has been for the advantage of countries in the Far East. If we talk about and criticize their surplus disposal program without some qualification, quite obviously we are saying that that is wrong. We do not say it is wrong to assist India, Pakistan, Ceylon, Malaya or any of those countries in the Far East.

I do not know whether it is worth while to continue discussion along that line but, as far as I am concerned, it is perfectly clear in my mind that if there is no interference with the normal commercial market for Canadian wheat, that is the United Kingdom and those countries in Europe such as Holland, Belgium and Switzerland; and our market in Japan and other areas in which we have done great trade in flour over the years, there is no objection. If there is no interference with those traditional normal commercial markets how can you possibly object to an aid program to underdeveloped countries?

Mr. Quelch: Let me put a specific example to the minister. Suppose a country in Asia wanted to buy wheat from the United States and that country did not possess the dollars with which to pay for that wheat. Suppose the United States then agrees to accept that country's local currency or to make a long term loan. You would not have any objection to that particular deal?

Mr. Churchill: That would be a country with which we had no trade at all with Canadian wheat. There would be no objection.

Mr. Hahn: I was interested in the minister's statement with reference to the acceptance of sterling. I was going to ask him this question. Did the question arise in the trade mission as to whether or not we were prepared to accept sterling? Did any discussion take place with regard to that matter.

Mr. Churchill: It has been difficult to have many discussions yet. During the course of this coming week opportunities will arise for discussions and it is quite possible that subject will come up.

Some hon. Members: Six o'clock.

Progress reported.