

Loss to Canada of World Wheat Market

the federal government to discuss the wheat situation with the United States. The minister did go to Washington on that date. The thing that astonishes me is that the minister, who had a distinguished business career, should have let a matter like this go on for over two months before he took any steps to correct a situation that was so very obvious. It should have been very obvious immediately after the conclusion of the new agreement that there could be great difficulties in implementing it. The agreement was not to come into effect until July of 1968. There would be no controls on anyone during the 1967-68 crop year. This point has been emphasized by every speaker so far tonight.

Mr. Gibbings stated most succinctly the following:

It will be noted that the United States price dipped below floor levels on July 13, the day after 52 nations met in Rome to begin discussions about implementing the sixth wheat agreement. The implications of the cut-throat competition which has prevailed for some time are serious.

He went on to say that there is no present indication the United States intends to pursue any other pricing policy. Why then, if others could see what was happening, did our Liberal minister do nothing during this period? Earlier this year the United States secretary of agriculture, Mr. Freeman, set an export target of 750 million bushels of grain for the United States. His policy also indicated that a smaller portion would be devoted to give away programs. This obviously put more pressure on the selling program. It appears therefore that the United States has embarked on a policy of selling more wheat for less money in order to achieve its marketing aim. Such a policy is an exercise in futility.

It has been shown time and again that lower prices do not increase human consumption of wheat. All that happens is that other exporters, if they are on their toes, also cut their prices and the amount which goes into the market remains the same. The relative sales should remain the same. It would seem evident that the minister and those who advise him clearly were not on their toes, because they allowed the United States to capture a great deal of our sales during the month of August and most of the month of September. How did we get into such a set-up? Although I hate to think this is so, I believe we are forced to the conclusion that the Liberals have an entirely different attitude toward grain sales than the previous administration had. I think that attitude is

[Mr. Cantelon.]

entirely wrong. It is one which seems to say, "Keep hands off the grain board; let them make the sales". But this is not what happens in the world today. Every government takes a hand in the sales and uses what measures it can to promote those sales.

We got into it because of the way in which we proceeded to negotiate this new cereals agreement. Mr. Andrew Knight, who wrote an article on the Kennedy round cereals agreement, which was published in the *Executive* of July, 1967, headed it, "The Poker Hand that Failed Us." I recommend this to anyone who is really interested in this subject. He points out that in the week of April 15 most of the major powers in the Kennedy round tariff cutting negotiations were planning make or break negotiations which threatened to block the success of the entire round, as it affected cereals. At that particular time there were two weeks to go until the official deadline for the Kennedy round package, but the cereals talks that week never took place. Why did they not take place? They did not take place because the Canadian delegation did not turn up in Geneva. As one British negotiator put it, "The Cans are away playing brinkmen". This reminds me all too vividly of what happened in the spring of 1963 when our negotiators never showed up at Hong Kong until after the Chinese had concluded an agreement with Australia, and then we hastily sent them over.

• (9:50 p.m.)

One can see why I feel that the government has adopted a strange attitude. I think this situation is far too important to be treated in this casual way. Wheat is one of our major exports; in fact, it is our greatest single export. For the last four years it has generated for us something like \$1 billion in foreign exchange, and without this our country's prosperity during that period would have been nothing more than a pipe dream. In spite of this, our delegation casually failed to show up when they were expected. I do not blame the delegation, I blame the government for failing to see that they arrived on time.

The Kennedy rounds were completed more than a month later, and everyone seems to be very happy about what this will do for manufacturing and industrial production generally. However, in arriving at this position a comprehensive cereals agreement seems to have suffered very seriously. What is worse, in arriving at this agreement we have antagonized the United States unnecessarily.