

*Canadian Wheat Board Act*

world oilseed production. Most vegetable oil comes from soybeans, and the price of rapeseed oil bears some relation to the price of soybean oil. Both soybeans and rapeseed contain meal and oil. Sometimes oil prices are high; sometimes meal prices are high. Sometimes the prices of rapeseed and soybeans appear out of line; but this happens when the price of soybeans fluctuates for oil and meal, or vice versa. Some tropical countries, including Malaysia, produce coconut oil and palm oil. Perhaps these oils will be serious competitors for rapeseed and soybean oils. Most of these palm oil plantations have been financed with American money and American farmers are asking why their money is being used to produce a product which competes with soybean oil. Vast acreages in Brazil are being cultivated for soybean crops. Clearly, rapeseed by itself does not command a market. On the other hand, demand for our wheat is strong.

Hon. members have related what happens to wheat prices when wheat is in over-supply. The United States and Canada control about 70 per cent of total wheat exports; therefore on the face of it it should be easy to draw up some commodity agreement. But past experience shows that commodity agreements do not work. For instance, the last time the Wheat Board held an umbrella over our wheat market, in 1968 or 1969, I think, our competitors quoted two or three cents a bushell less and took all our orders.

No one mentioned, I think, how we establish market price, or how the price discovery mechanism works. At present prices are determined on the Winnipeg Commodity Exchange, but those prices bear a close relation to the soybean market in the United States. As I said, rapeseed and soybean prices are not interchangeable or necessarily comparable, because one may sell for its oil and the other for its meal. I understand that only on the Winnipeg Commodity Exchange is there a futures market for rapeseed. If trading in the commodity should end because not enough is traded, I suggest the market price of rapeseed could go down.

In addition, we should have no price discovery mechanism. The Canadian Wheat Board uses the Chicago grain futures and futures posted in Kansas City and Minneapolis for its price discovery mechanism. The board phones Chicago about every ten minutes to see if wheat has gone up or down, and posts its prices accordingly. Canada has an excellent reputation for selling wheat of high quality. Although world wheat marketing has changed, people prefer to buy some of our premium wheat over American redspring and Australian wheat. Our wheat is among the best in its class, and has high protein content.

What sort of people grow rapeseed? From my experience, the rapeseed grower is usually interested in trying a new crop and selling it himself. Many farmers are content to grow wheat, haul it to the elevator, let the Wheat Board sell it, and go back to the land to grow some more. Rapeseed growers seem more interested in raising a special crop, harvesting it and selling it themselves. Rapeseed needs more husbanding than the wheat or coarse grains we grow on the prairies. You must harvest it more carefully, be more careful when using

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herbicides, and careful when determining selling time. Many successful farmers of my area who grow rapeseed and flax feel they can do better with those crops than with wheat or coarse grains whose price the Wheat Board sets.

Since wheat tends to be grown on land used for summer fallow, it follows that wheat should give the farmer a higher return than oilseeds which tend to be grown as a second crop and not marketed through the Wheat Board. Theoretically, oilseeds should bring the farmer a smaller return. But those who follow these matters have discovered that, generally speaking, the oilseed grower realizes somewhat more than if he sold wheat, barley and oats. This is significant. It indicates that, as far as oilseeds are concerned, the open market provides returns in line with what the Wheat Board can do with wheat. The return is comparable to growing wheat, at least in the area that I represent.

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Considerable difficulties will arise with the voluntary system. A grower who selects a pool may be quite happy at the beginning of the year when he receives his initial payment. What happens as the year goes on and the price goes higher than he expects to receive from pooling? It does not matter to him that he may have sold quickly and was guaranteed an initial price. It does not matter that he took advantage of that. When the price goes up, he will be unhappy that he did not hold off joining the voluntary pool and instead sell on the open market. Human nature being what it is, you always expect to get the highest return possible. Those who sold their grain or rapeseed early in the crop year may realize a reasonable price. It may have been low, but they have received their money for it. Those who hold their crop take a chance as to whether they are going to receive more later in the year.

The problems raised by the hon. member for Yorkton-Melville (Mr. Nystrom) with regard to bootlegging are quite real. They are also real in the Wheat Board's handling of wheat, oats and barley when there is an oversupply.

As for the previous situation with regard to barley, a parliamentary committee was set up to study whether barley was being bootlegged, being sold from farm to farm at lower than the elevator price. The answer was that there was an oversupply of barley. Farmers were glad to get rid of it at any price. There is no point having a high price for a particular grain unless you can sell it.

There will be this problem of so-called bootlegging. It may be that two farmers will set up a scheme whereby one will join the pool and the other will not. They can take advantage of the situation, selling whichever way is the most advantageous, either through the pool or selling non-pool.

There is also the question of advancement of initial payment. From reading the bill, I assume the government will be involved in some sort of underwriting of an initial payment. I do not see how the pool would be able to guarantee a high initial price without running some risk. In a highly volatile oilseed market, there could, on occasion be disastrous results if the initial payment is set too high. On the other hand, if the