

The position of the government is that Canadian grain producers should be encouraged to continue their production; that the Canadian Wheat Board should be encouraged to continue its highly successful efforts in marketing Canadian grain throughout the world; and that our objective is to maintain our current 17 or 18 per cent of the world market in wheat. If we can do that and have a reasonably good market for barley, our producers—because the international market for grain in recent years has been expanding—can look forward to having a market that is expanding.

The honourable senator does not need to worry that I am going into any meeting where I will be accepting any suggestion that there should be a cutback in Canadian acreage because our system, through the Canadian Wheat Board, is well managed, as the honourable senator knows, through the quota system. If we happen to have a bumper crop from time to time and there is some additional carry-over that is kept on the farms, then I do not think that is a catastrophe. There is going to be a slight increase in the carry-over on July 31 of this year as compared to July 31 of last year.

Speaking as a farmer, if I have ten bins capable of storing wheat, I do not necessarily have to have, in my judgment, the wind whistling through those ten bins every July 31. I would be quite happy to have two or three of them full. It is a pretty good asset when one talks to one's banker, but the honourable senator does not need to be concerned about the position of the Canadian government.

Senator Roblin: That is a speech I would have liked to have made myself. It is a very good statement of the Canadian government's position, from my point of view. However, I have to comment to my honourable friend that he is the one who led me down the path of thinking about a cartel not so long ago when he did not occupy his present position with respect to wheat sales in the world at large. He will recall my real reservations as to the advisability of approaching these problems from the point of view of a cartel because, in my opinion, it would simply never work anyway.

● (1420)

From what he has said, I gather that the minister has disabused his mind of any approach to world marketing problems along that line. If so, I am happy because I think it would be well for him if he were to do so.

However, I must warn him that he may have a misapprehension about his relationship with the United States Secretary of Agriculture because the minister, in the Senate, said:

It is fair to say that the Americans, including Secretary of Agriculture Block, have a good understanding of Canadian policies in the grain business—

On the same day, after the meeting, Mr. Block, in talking about Canadian agricultural policies, is reported as having said, "I don't understand them . . . I didn't understand them before and I still don't after today's meetings."

Although that is given as a quotation by Mr. Block, I really grade the minister's powers of persuasion much higher than

that. In any case, I would hope that they were higher than that.

I am simply saying that, if my honourable friend is to attend a further conference with Mr. Block, I think he should put both hands up to guard himself because, obviously, Mr. Block is not sympathetic to my honourable friend's point of view; he does not understand it, and my friend has a little missionary work to do.

Senator Argue: Honourable senators, if I go into a conference with Secretary of Agriculture Block, I do not feel that I am at any disadvantage whatsoever as far as understanding the grain business is concerned. I am certainly not going to be any part of any agreement which would suggest that any Canadian acreage farmers may wish to seed to these grains should be curtailed.

As to Senator Roblin's interpretation of what I have said about a grain cartel, if he goes over the record very carefully he will see that I have never advocated a grain cartel; I have never used that word. I do not think a grain cartel is possible; I do not think it is practical. However, I do think there is a chance for co-operation amongst exporting nations, and that is the term I used. I think there is ample room for co-operation and some co-ordination of policies. Canada is perfectly capable of co-ordinating its own system in the world grain market in such a way as to help contribute to more stable returns for producers.

Senator Roblin: My memory does not coincide with my honourable friend's about the use of the word "cartel," but I am willing to accept his explanation. I wish him well because he will have a tiger by the tail.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to clarify the reply I made to Senators Murray and Roblin a few moments ago, since I understand their constant pursuit of absolute precision.

Some Hon. Senators: Hear, hear.

Senator Olson: I wish to add that the seasonally adjusted current account balance is estimated to have moved from a \$245 million—that is current dollars—deficit in the fourth quarter of 1981 to a \$288 million surplus in the first quarter of 1982.

This improvement was the result of a substantial 32 per cent growth in the merchandise trade surplus that I talked about a moment ago, up to \$3.6 billion.

The non-merchandise trade deficit rose 11 per cent, to \$3.3 billion, as the net payment of interest and dividends increased over the previous quarter.

● (1425)

Preliminary estimates for merchandise trade in April show a surplus of nearly \$1.5 billion, in current dollars, on a seasonally adjusted balance of payments basis—an increase of almost