

Canadian Wheat Board Act

It is important to point out to the House that this motion asks that these three grains, flax, rye and rapeseed, or indeed any one of them, come under the jurisdiction and operations of the Canadian Wheat Board. More importantly, however, it asks that the producers of these grains be provided with an opportunity to make a decision, by the device of a plebescite or indeed by some other method if some other method is thought more appropriate, concerning how they wish to have all three of these grains or any one of them marketed. They might wish to continue with the present futures market, as we call it, using Vancouver and Thunder Bay as basing points, or they might prefer to market the grains through the Canadian Wheat Board as is done now in respect of the principal grains, wheat, barley and oats.

I believe it would be appropriate to give some reason for reviewing our methods of marketing and for considering alternatives to what we are doing now. One of the principal reasons for the review is the fact that we are now using quotas for the purpose of marketing all three grains, flax, rye and rapeseed. One has to go back only a few years to find the time when the Canadian Wheat Board did not administer quotas for flax and rapeseed. I am sure I would be perfectly safe in saying that the Wheat Board decided to administer quotas for flax and rapeseed only when it had no alternative. The Canadian Wheat Board felt it necessary to dwell at some length on the necessity for its administration of the quota for rapeseed.

On January 17, 1972, the Canadian Wheat Board issued a little booklet. A significant amount of space in that publication was devoted to the reasons which the Board felt made it necessary to administer quotas. The booklet reads, in part:

Every effort is being made to ensure that the non-board grains will not jeopardize the movement of the principal grains grown on the Prairies.

Farther along, it reads:

An equitable allocation of facilities is extremely difficult to achieve during an extended period, such as the present, when a very heavy export program is underway.

I will come back to that later. The producer finds himself in the position of selling his product on an open market with a price which can fluctuate as much as 50 cents per bushel up or down in any given futures market. Yet, when there is a high price in that particular market he cannot sell his product at that price because he likes that price. The producer must deliver the product when a quota permits him to deliver it. This certainly is one of the most important factors in the total equation.

I wish to point out again, as I did when I started, that it has not always been this way in respect of these grains. We have to go back only a short number of years into the late 1950's or following the Second World War when rapeseed became a significant commercial crop on the Prairies. When I first produced rapeseed, one could not deliver it to the local elevator. Instead, it had to be loaded over the platform. The first producers of this grain either did that or trucked it directly to a crushing plant.

• (1200)

The pricing system at that time was a contract pricing system. We used neither the open market nor the Wheat

Board. It was a contract system and, if I remember correctly, we contracted through the pool, although they were not the principals. The principals rather were behind the pool and the pool was merely acting as an agent. I believe that Continental Grain was contracting. It was impossible at that time to get price information when you were marketing a particular product. I remember at one time being dissatisfied with the price which we were receiving. Since I was in Ottawa at the time I asked officials in the Department of Industry, Trade and Commerce to find out the price at which the product was actually being sold in Montreal. At that time it was being purchased at twice the price which was being paid to the producer on the contract basis back in Saskatchewan, Alberta, Manitoba, and so on.

The next move that was made was when the grain exchange started listing, pricing or quoting daily prices for rapeseed. At the same time, it established a futures market as well as one basic point for delivery, which was Thunder Bay. At that time there were only Fort William and Port Arthur, so this was an improvement. When the producer had some market information, he could at least look at the prices for that day of the particular product. It did not give him any security in price, which could easily move a \$1 a bushel within a season or as much as 50 cents a bushel within a month, as it did last fall between August and November, I believe.

What this motion seeks to have done is an evaluation of the pricing procedures which we have now. I ask that the producer of this product have the opportunity to pass judgment on the present procedure and ascertain whether he would not get better treatment or a more equitable pricing system, one which would be more advantageous, through the Wheat Board rather than on the so-called open market. Over the years I have seen a great deal of heat generated in the Prairies in discussions comparing the Wheat Board market and the open marketing system. Usually more heat is generated than rationality, and that has been one of our misfortunes.

The second thing that happened in the open market under the exchange system was two or three years ago when it was decided that a second basing point would be opened thus establishing two future markets, Thunder Bay and Vancouver. If you look at the price of rapeseed, you will find that the futures are quoted for both Thunder Bay and Vancouver and you will find that they are quoted in different months, to use the term which is current in the trade. So you cannot transfer your interests from Vancouver into the same month in Thunder Bay because the schedule has been shrewdly drawn to eliminate this possibility. This is not the case on the exchange in the United States, where the futures in the different basing points can be transferred from one to the other.

Any marketing system or pricing system has to be judged on the basis of how well it works. The economists have a term for it which I cannot recall for the moment. It is supposed to be a perfect system or as nearly perfect as possible. The present system has demonstrated that it is far from perfect. You only have to examine it or read the comments of those who have examined it, to know that it is not a perfect system. Indeed, the minister in charge of the Wheat Board (Mr. Lang) found it necessary to carry on