

*Canada Grain Bill*

dollar, representing a price reduction of 6 or 7 cents. Then there are the sales made on extended credit, some of which perhaps fall in the category of give-aways and were possible only in the light of long-term credit.

Our main success in selling wheat in the absence of protein grading seems to have resulted from more aggressive selling by the Canadian Wheat Board in circumstances which called for more wheat to be imported into countries where a short crop had set the stage for this to happen. The government made much of the argument that the need for protein grading justified their insistence last session that the bill should be passed without much scrutiny. If protein grading had been so important at that time, amendments to the act would have received speedy passage in the House. Even so, we heard responsible people testify before the Standing Committee on Agriculture that protein segregation could be carried out under the existing system. They gave evidence that our customers could have been assured of protein grading although it would have been impossible, as I understand it, for this effort to have been reflected in the amounts paid to individual farmers.

It is to be hoped the introduction of protein grading will, in fact, as has been suggested, increase the acceptance of Canadian wheat in areas where such grading is desired. There is, unfortunately, one cloud on the horizon which threatens our sales of high quality protein wheat, especially to the United Kingdom. The other day, in an imaginative and bold budget, the Conservative government under Mr. Heath instituted a cut in both income and corporation taxes, while increasing social charges directly to citizens. The budget also included a plan to increase tariffs on food imported into the United Kingdom, while reducing subsidies paid to British agriculture. This is in preparation of the suggested entry of the United Kingdom into the European Common Market. This reverses the position traditionally taken by the British government since 1846, when with the repeal of the corn laws Great Britain embarked upon a policy of importing cheap food and providing subsidies for agriculture.

The United Kingdom has been one of our best and most consistent markets since the earliest days of the grain industry in this country. Although exports fell somewhat last year, exports to Britain amounted to 54 million bushels, mainly of the higher-priced grades, bringing a better price in dollars. So the introduction of protein grading should be welcomed as a means of securing markets in the United Kingdom and other countries of the European Common Market.

I turn now to the subject of barley, where a peculiar situation has arisen. A year ago, barley sales were almost non-existent. In September 1969, the Wheat Board lowered the price of barley from approximately \$1 to 78 cents a bushel. This resulted in some sales and we began to sell barley on the world market. Subsequently, the Wheat Board initiated an aggressive selling program which produced sales in the present crop year amounting to at least 125 million bushels, though at prices considerably lower than those the market can command at this time. In other words, the board sold at cash prices and

not in futures. This was perhaps unfortunate, especially since some of the sales were in respect of barley which has still to be sown.

Another special situation has arisen with regard to rapeseed, called by some the Cinderella of the grain trade. Transportation and movement of rapeseed to the ports has not been effectively managed and indeed there has been little free rapeseed in west coast ports—not enough, in fact, to take care of the demand which this grain is generating.

● (8:50 p.m.)

The bill touches a very sensitive area to which producers, the government and the grain trade will have to give serious consideration. Modernization of handling and transportation are the inevitable results of changes in technology. This is brought into sharp focus by the fact that the price of grain per bushel on world markets has hardly risen in 20 years; indeed, it has fallen in recent years. The grain farmer has been able to survive only by increasing his productivity, with an almost stationary or declining dollar value per bushel.

The costs of handling and transportation have not stood still. During the long years of oversupply, with large wheat storage costs being paid out of the public treasury and with large payments out of the farmers' pool, the grain handling companies have tended to obscure the actual cost of handling and the necessity of a more rational approach to the problems of handling and transporting grain. The original bill, C-196, seemed to give the government a blank cheque and complete power to move in on the grain handling industry, 60 per cent of which is owned by farmers, wheat pools and the United Grain Growers, in order to carry out their so-called rationalization at will. Perhaps the government made the original bill severe without intending to do so, but it certainly seems that this would have been its effect.

The committee heard many objections from farm organizations and from the grain trade at large to the effect that this power was much too sweeping. I think the amended bill probably will remove many of the objections. Another note of anxiety is that the grain trade and the private grain companies could well diminish their activities in the grain handling field and move into the apparently more lucrative agribusiness. This is the business of selling many different farm items to their customers. This perhaps stands to reason, because when handling charges are so rigidly set by the government it leaves little room for manoeuvre or expansion. With this in mind it seems likely that the grain handling business will have to be carried out by farm grain organizations.

It is no secret that in the minds of those who appeared on behalf of the Manitoba and Saskatchewan wheat pools before the parliamentary Committee on Taxation, in Regina, this was a real worry. They need the income and capital to carry out rationalization because they feel that as farm organizations they are much more able to do so than the government. This is a program we will have to consider for the future.