

Government Organization

To meet this crisis in Canadian agriculture, the best this government has been able to suggest has been a vague promise to study wheat marketing some time in the future and to set up a national grains council. That council has already been set up. We, in western Canada, hope this council will find new approaches to this problem. I do not like to be pessimistic. I like to look at the positive side. We are looking forward to some action which may solve some problems which face us. Both ideas are sound enough but totally inadequate to meet the pressing situation. They are long term measures to meet an immediate crisis.

On September 23, the London *Free Press* carried a report of wheat and flour exports for the first 11 months of the crop year ending July 31. According to the Dominion Bureau of Statistics, these were down a staggering 40 per cent! This is 16 per cent below the Canadian 10 year average for wheat and flour exports of 346,100,000 bushels. The 1966-67 exports totalled 479,300,000 bushels. This year the figure is 291,800,000 bushels. That is a dramatic example of what one year of a free world market in wheat could do to Canada's wheat export trade.

The Canadian government naively believed the old scale of minimum prices set out under the defunct international wheat agreement of 1962 would be observed by exporting and importing nations. It was not written down. No one had signed anything. But it was "understood" according to the former Minister of Trade and Commerce, who is no longer a member of this house. He called it "a gentleman's agreement" but the trouble was some nations did not subscribe to the gentleman's code. We are now back under an international agreement and not doing much better.

The October issue of *Union Farmer* described the new agreement as "shaky". The *Winnipeg Free Press* stated "how effective it will be remains to be seen". The faltering operations were discussed several months ago by five of the leading exporting nations at Canberra. On October 7, the 16 nation price review committee, including both exporting and importing nations, met in London to try to patch up weaknesses in the agreement and restore some stability to the international wheat market.

Two of the chief failings of the new international grains arrangement are that, while it set higher minimum prices for some grades, it left other grades outside the price schedule and left the door open to price cutting through the use of freight rates and other

shipping costs as concessions. It was a poor agreement and could not be put in the same category as the one it replaced.

The main point I wish to discuss, Mr. Chairman, is the manner in which Canada got sucked in during negotiations of the new grain agreement as a part of the Kennedy round tariff agreements reached at Geneva. Briefly, I believe it was the failure of our negotiators to correctly assess the situation at Geneva, and Canada's relationship to other signatories to the international wheat agreement, that led us part way toward our present situation. Further, I believe it was the emphasis placed on international tariff concessions which would benefit the commercial and industrial sector of the Canadian economy that led to Canadian agriculture being victimized. It is now obvious the former Minister of Trade and Commerce went, or sent his spokesmen, to Geneva primarily in the interests of eastern industry. The Canadian wheat producer was regarded as expendable. Let us look at the background.

The old international wheat agreement, the fifth such agreement, was in effect from 1962 until July 31, 1967. Under that agreement exports were priced between \$1.625 and \$2.025, United States funds, and imports were allotted and subscribed to. In late 1966, a crusade headed by the former minister of trade and commerce was started in order to gain a higher minimum price under a new and revitalized international agreement. Meanwhile, however, the so-called Kennedy round of tariff negotiations got under way at Geneva.

Mr. Pepin: This is old, talk about today.

Mr. Southam: Canada was "conned" or manoeuvred into accepting the idea of a general cereals agreement under the umbrella of the Kennedy round instead of a separate international wheat agreement. I believe the minister went along with the aim of a cereals agreement, not to help the grain producer, but in the hope that he would get industrial tariff concessions if he were agreeable.

It has since become abundantly clear that some countries, including formerly close allies among the other exporting nations, wanted access for their feed grains to the European Common Market more than they wanted a higher and stable world price for wheat. Hence, they wanted the general cereals agreement instead of a new international wheat agreement. The result was that Canada voted with the bare majority within the International Wheat Council in April of 1967 that