

Grain Prices

is the United States. There was a meeting held in late May between Senator Hazen Argue, the minister responsible for the Canadian Wheat Board, and the U.S. Secretary of Agriculture, Mr. John Block. At that meeting they discussed the general grain situation and opportunities for closer co-operation among exporters. This was done so that we could work together and see to it that whatever bugs there were in the system would be worked out so that we would have maximum benefit for the farmers and maximum use of our transportation system. In that way we would get a maximum return for the people of Canada.

Following the meeting, Senator Argue indicated that efforts will be made to arrange a meeting of ministers from all grain exporting nations in the fall. We are looking to the future. We are going to try to anticipate whatever problems will be coming up, and this meeting will be held in the fall. At the meeting to which I have referred, we are told, there was an exchange about the possibility—perhaps even the probability—of a meeting at the ministerial level to discuss the grain situation, particularly if grain stocks build up this season. We are told that the American delegation responded very favourably.

In discussing the marketing systems of the two countries the Americans referred to their efforts to stabilize world grain markets through their loan rates and grain reserves program as well as to encourage U.S. farmers to reduce their seeded acreage. However, there was no request for Canadian acreage controls or cutbacks. Our farmers in the west are encouraged to grow virtually all they can.

In my opinion the Americans have a good understanding of Canadian policies in the grain business, and I think it is incumbent upon this government to make sure the Americans are kept abreast of things we are doing in this country so that they know what our specific intentions are.

Canada supports efforts to improve world prices for producers, but the U.S. and Canadian systems are very different, and we contribute through careful management of our export system. Our objective is to maintain a reasonable level of production, of which our farmers are capable, and to have in place a transportation system that is efficient and will take our grain to market. We expect the export trade in grain to continue to grow, and we expect to share in this expansion.

How am I directly involved in this? It should be pointed out that virtually all of the Welland Canal is situated in my riding, and a great deal of the grain which is shipped from the western provinces comes through the Lakehead, down through the Great Lakes, through the Welland Canal and out through the St. Lawrence Seaway. I submit that we in my area of the Niagara Peninsula—Welland specifically—are benefiting a great deal from the grain sales which are going on and the grain exports we make to other countries.

There are rumours that the U.S. government might subsidize American grain exports to make their grain more competitive on world markets because the Americans are concerned about the European Economic Community export subsidies—and so are we—but nothing said during the course

of that meeting would suggest that the Americans are making threats to anyone about entering into a program of subsidization of the export of American grains.

In wrapping up, I would like to say to the hon. member for Qu'Appelle-Moose Mountain and the hon. member for Wetaskiwin that what is asked for here is reasonable, in terms of discussion. It is reasonable that these points be raised in committee, but it is also very important that the people of Canada know that we do have a great deal of protection in place now to help our farmers. As has been mentioned, this protection has been provided over a period of some 47 years, and it will continue in the years ahead. We hope our grain producing provinces will produce more grain. We hope they will be able to sell more. We hope our exports will increase and that that will help our balance of payments.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I would like to remind the House of the motion we are debating this afternoon. It was placed before the House on June 27, 1980, by the hon. member for Wetaskiwin (Mr. Schellenberg). It says:

That, in the opinion of this House, the government should consider the advisability of setting floor prices related to costs of production for cereal and oilseed crops one month before planting in order that farmers may be provided adequate returns to ensure sufficient production to meet Canada's domestic and export needs.

I think it is important that we reread the motion. We have had some discussions about Wheat Board operations, and while I agree with the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) about his personal opinion that oilseeds should be under the Wheat Board, that is not the position of the Conservative Party nor, I think, that of the hon. member for Wetaskiwin. What they are talking about seems to be something quite different.

However, this is something which should be referred to a committee of this House for further clarification and discussion, because the concept of cost of production grows in importance during periods of inflation. Agriculture, and in particular farmers who are producing grain, feel a double-whammy effect from the inflation cycle at this moment in time. Two factors are impacting on production costs. Agriculture, like the rest of the economy, has to put up with high interest rates. We also are experiencing violent and sudden increases in the cost of energy. The impact of these energy costs is doubled and tripled in agriculture as they work into fertilizer costs. Most of the seed stock for the production of nitrogen-based fertilizer comes from natural gas. As those prices are followed to increase or are legislated upwards according to agreements between the federal and provincial producing provinces, the price of natural gas, and therefore the price of fertilizer, increases.

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In addition to the regular cost of energy for tractors and for heating farm buildings, farmers experience this secondary effect in the price of fertilizer.