

*International Wheat Agreement*

reduced from \$2 to \$1.90. The cut, therefore, is 10 cents, from \$2 a bushel to \$1.90 a bushel. As the minister has pointed out, the floor remains at \$1.50. I believe the current price for No. 1 northern is below the present \$2 ceiling, and is around \$1.69.

The overriding consideration in this agreement, of course, is that we are faced again with a very serious world surplus, and that is a very important conditioning factor in this particular treaty. As a matter of fact my slight research indicates that most authorities in this matter feel that in the next three years the continuing world surplus situation will prevent the price of wheat reaching the maximum level. Crop failure, of course, could alter this situation, and in that event there is one safeguarding feature in the treaty that the minister has not mentioned, and that is that in the event of crop failures the exporting countries are not obliged to sell any more than their normal amounts to purchaser countries that are signatories to this treaty. The latter would therefore, I take it, be precluded under the treaty from stockpiling at the \$1.90 level, a situation that price-wise could not attend any serious reduction in the world surplus situation and which might in itself be a cause for an improvement in the price situation but for the stockpiling control provisions contained in the treaty.

I suppose it will be argued that the participation by Britain in this treaty will give some steadiness and some orderliness to the marketing of wheat, but it will remain to be seen in the light of experience whether this will really be the case; for, as the minister has pointed out, there is no obligation as in this treaty to buy on the basis of fixed quotas. There is merely the requirement that countries give an indication of their intended purchases. In the case of Britain this will mean 80 per cent of their requirements.

It is very interesting to examine the annex to this treaty and see the various percentage requirements to which the purchasing countries commit themselves. Without belittling the principle behind this treaty, I do not think Canadian farmers and wheat producers should be taken in by these figures. I notice, for instance, that Vatican City is given at 100 per cent. Some new countries are given at fairly high figures. I am sure the minister will agree that it will be interesting to see whether many of these countries are really potential purchasers, particularly of Canadian wheat in these amounts. I think the percentage commitments of some purchasing countries should not be exaggerated.

[Mr. Martin (Essex East).]

There is, however, a new feature in this treaty which the minister has mentioned. It is that while the old treaty covered 25 per cent of the world's commerce in wheat, the new agreement will cover 75 per cent. And that, of course, does represent an improvement. However, the elimination of the fixed quota purchase has another implication, and that is the effect of this on the Soviet union. The Soviet union has not become one of the signatories to the treaty. The minister did not explain why. I suppose there were reasons in the minds of some of the exporting countries as well as considerations arising out of the position of the Soviet union itself, but perhaps the overriding reason was the fear of a flooding of the world market, such as the Soviet union was able to effect in the matter of tin. In that connection, it is noteworthy that in the annex West Germany undertakes to buy 70 per cent of her total requirements, leaving 30 per cent to be purchased from other than countries supplying wheat under this international agreement. Germany, of course, is not precluded from purchasing some of that 30 per cent, or all of it, from the Soviet union.

The minister did point out that the treaty takes into account give-aways—I do not think the minister did mention this—but the treaty takes into account the give-aways to underdeveloped and starving countries. The advantage of this, of course, is that it would be done on a collective basis and not, as it is being done now by some countries, on a unilateral basis with very disturbing effects to other countries. This is the principle behind some of the criticism which the present and the preceding Canadian government have levelled against the surplus disposal policy of the United States.

The treaty, notwithstanding some comments which I have seen in the press, does not provide for any controls in world wheat production. Without in any way saying whether or not I think it would be a good thing in itself, the fact is regardless of some of the advantages which this fourth international wheat agreement is supposed to give, the basis certainly does not include any step by which the gap between world production and world consumption can be improved. All that is indicated is that it should be regarded as the common concern of all countries to see to it that the gap between production and consumption was such as not to add to the burden which arises out of the serious surplus situation that now prevails.

In the statement of objectives, as I mentioned at the outset, there is an expression of support for the promotion of the expansion of world trade and the freest practical flow