

Canadian Wheat Board Act

order to compensate for the privilege that is being asked for by the hon. member for Glengarry.

Mr. Howe: I said "if".

Mr. Fair: I appreciate that.

Mr. Ross (Souris): To come back to this wheat deal, I have an article before me. I presume the minister is dependent upon the international wheat agreement to sell this over 100 million bushels of wheat to Britain. That is right, is it not?

Mr. Howe: I am depending on the undertaking that Britain's North American wheat will be bought in Canada, and that the price will be the current price within the limits of the international wheat agreement.

Mr. Ross (Souris): There is not anything that guarantees that anybody must buy the wheat within that agreement. They do not have to accept the wheat, do they? They can fall down?

Mr. Howe: Collectively, they must buy the wheat at the floor if it is offered to them at that price.

Mr. Ross (Souris): One article is headed "Canada's Wheat Dilemma", and another "Testing the Wheat Agreement?". The latter reads as follows:

There have been some recent signs that wheat is being sold under the international agreement at below the maximum price at \$1.80 a bushel (U.S. currency). Practically all the purchases have been of American wheat, particularly inferior qualities—

We know that much of their wheat is inferior to ours.

—and the actual price paid for these substandard wheats was lower than the margin allowed for in the agreement. It is difficult to discern any clear trend from such few facts as emerge about these dealings, and it is well to remember that American domestic wheat is still firm. Importing countries can be required to take up their full quotas only if the price is at the minimum of \$1.50 a bushel. In Canada, the "free" market price for wheat has been falling recently, though it is still \$2.14 a bushel (Canadian currency). At the moment this is hardly a fair test of the state of the market, since a large portion of Canada's export surplus is withheld for Britain.

The \$2.14 figure is the very figure that I have for a day or two on our market here and it is only two cents under the Chicago market. That is rather significant.

Mr. Howe: What Chicago price? Cash wheat?

Mr. Ross (Souris): You can quibble all you like about it.

Mr. Howe: Cash wheat Chicago?

Mr. Ross (Souris): The other day, yes.

[Mr. Fair.]

Mr. Howe: What other day? It must have been a good many days ago if the cash wheat, Chicago, has been within two cents of the cash wheat Fort William.

Mr. Smith (Calgary West): I should like to see if I have been all wrong in my idea of wheat. I am not talking about coarse grain. As I remember the agreement with Britain, it was a short sale of roughly 600 million bushels. The argument advanced was that it was a sale on a recession in price, as I remember it, to begin with. Let me give the government and parliament credit for trying to find a steady long-term market. But that whole agreement, surely, was based on the anticipation as then set out by the then minister of trade and commerce, involving a depreciation in the price of wheat over the years. I do not think I am wrong about that. That was my understanding, in any event.

Time has shown that that anticipation was wrong; the wheat market, instead of falling, advanced. Therefore there can be no doubt, first, that the farmer selling wheat under that agreement, having due consideration for the "have regard to" clause, lost money. There can be no doubt, having made a short sale and the price of wheat having advanced—never mind the price per bushel—the producer of the wheat took a licking. Let me, in opposition, accept whatever responsibility I may have; but the simple fact is that the producer lost a great deal of money because we made a short sale of 600 million bushels anticipating a falling market—and that was completely wrong. The market advanced, and therefore he did lose a good deal of money. Am I wrong in any of the statements I have made?

Mr. Howe: My hon. friend has his thesis; but the fact is that the sale of 160 million bushels of wheat to one buyer for two years and of 140 million to one buyer for two years removed that wheat as a factor in fixing prices. It was taken out of the market. The price recorded in Chicago was the price with that wheat eliminated. My hon. friend is trying to reason that the price would be just as high if that wheat had been sold on the Chicago market. I do not agree with him.

Mr. Smith (Calgary West): I have not any doubt about it.

Mr. Howe: Unless he can prove his thesis, he cannot prove that the farmer took a licking on account of the wheat agreement.

Mr. Smith (Calgary West): I am merely asking if my reasoning was right or wrong.

Mr. Howe: It was faulty, let us say.