

*International Wheat Agreement*

of the world today, and that a wheat agreement was essential even though the ceiling price may be lower than some people had hoped it would be.

As I read the agreement, Britain can come into it at almost any time even after it goes into effect. If she makes an application and the international wheat council approves her application she can come in one year hence. Naturally I do not know the thinking of the British government, but if something could be done to correct Britain's adverse balance of payments with the dollar countries, if something could be done to reduce that \$386 million difference in the quantity of goods Britain purchased from Canada last year and the quantity of goods we purchased from her, if Britain were given a better position as far as the dollar area is concerned, with that better position Britain might still come into the agreement. I hope steps can be taken to increase our purchases of British goods in order to relieve her shortage of Canadian and United States dollars. If Britain's shortage of United States and Canadian dollars were dealt with she might yet come into the agreement.

We can have an agreement covering almost 600 million bushels of wheat a year, an agreement that gives Canada an assured market of 250 million bushels a year, a floor price of \$1.55 a bushel, a ceiling price of \$2.05 a bushel. If we can have that kind of agreement, and if the Canadian government will see to it that inflation does not once again cause farmers' costs of production to soar, then I believe three years from now the wheat producers in Canada will agree that the agreement has been to their advantage.

**Mr. Robert Fair (Battle River):** Mr. Speaker, although the new international wheat agreement has been signed, I believe it would be of advantage to tell the minister and the government what we think about it. Let me start out by saying that we are supporting it. It does provide some form of stabilization; but it does not go all the way, because in my opinion the price under the agreement is too low.

Many people feel that those of us who grow wheat are making a lot of money; but they fail to realize that in the past number of years we have had increased taxes, that freight rates have jumped by more than 85 per cent in the last three years, and that farm machinery prices have jumped 54 points in the last five years and almost 100 points since 1939. They also do not realize that, like labour in other industries, the cost of farm labour has increased considerably. They do not realize that we cannot get the efficient farm labour to which we are entitled.

[Mr. Argue.]

The negotiations preceding the agreement were drawn out for at least ten weeks. Many people were fearful that no agreement would be reached. However, I am glad to note that those who took part in the negotiations had lots of patience, and perhaps wore down the others, so that an agreement was finally reached.

Under the agreement the maximum price is \$2.05; and when we take the carrying charges out of that amount we have the figure of \$1.99. If we look back to the period of the present agreement, when we had a 10 per cent discount on our Canadian money, and were receiving payments for our grain in United States funds, we will remember that the price then was \$1.98 a bushel, and it will be realized that that is only one cent lower than the present price. If we translate that into 1939 dollars we find that it is worth at the present time only 94½ cents. The minimum price of \$1.55 is somewhat better than the minimum under the present agreement. But that again represents a price of 71½ cents as compared with the 1939 dollar.

One thing that does not appear in the agreement, and most certainly should be there, is the escalator clause for which we have pleaded time and again. Such a clause would make allowances for adjustments and would keep pace with the changes in the cost of production as well as with the prices of goods in other countries. This, however, has been neglected. Perhaps it was not possible to obtain such a clause; but I am not sure that any attempt has been made to have it included.

During 1952 farmers' costs have increased by 7 per cent. In many cases the prices of farm products have increased considerably. However, past experience proves that prices of farm products are the last to rise and always the first to drop; and that still holds true today.

If I understand correctly, the present agreement is a gentlemen's agreement, as was the case with the one now in force. Under certain conditions the signatories are not compelled either to buy or to sell. There is however one missing link, and that is the British government. There have been many criticisms of this fact, and some people are wondering why Great Britain did not sign. There would appear to be a difference of five cents a bushel between the price asked by the sellers and that offered by the purchasers. Great Britain alone refused to pay that additional five cents.

In the last issue of the *Western Producer*, dated April 23, 1953, there are some observations which express the opinions of people