

*Adjournment Debate*

of Halifax and Saint John, has meant that Saint John has closed its elevator. Quite likely, Halifax will close as well.

As the Canadian Wheat Board indicated very recently, if this happens it will affect the sale of grain from western Canada to world markets. Lord knows, we need all the help we can get these days with the subsidization of grain through the United States and Europe. At the same time, there are all sorts of rumours, I believe well founded, that there will be an announcement in the fall that the crow benefit for farmers that exists now will quite likely be gone.

We have a situation in which western Canada is in dire straits. Agriculture across the country is having problems. In Saskatchewan, 70 per cent of the communities have lost population in the last five years. When a farmer goes onto the land to plant his crop, these are the items that he is concerned with. Farmers do not see the government addressing these problems seriously.

When I asked the question, the \$500 million program had been announced but was still in limbo. Now that it has been announced that it will be going to the farmers, there is no indication what sort of detail there will be or what sort of form it will take.

There is a problem in western Canada with agriculture. There is a lack of confidence there in the direction that this government is taking. The last time I asked the question, unfortunately the Minister of State for Grains and Oilseeds answered with simple rhetoric. I hope the hon. parliamentary secretary will not resort to that.

Again, I would ask the question: Given this situation, the atmosphere that exists throughout the country and particularly in western Canada, and given some of the problems that I outlined a moment ago, what is this government doing to encourage a viable rural and farming sector? What is it doing to encourage farmers to look forward to planting a crop this season? What is this government doing that will make a farmer and the rural communities have some confidence in the government and that we will have a viable and healthy rural economy down the road?

**Mr. Murray Cardiff (Parliamentary Secretary to Deputy Prime Minister, President of the Privy Council and Minister of Agriculture):** Madam Speaker, the hon. member has touched on many items, more than on just the initial pricing of wheat. I want to address the issue

and indicate why the initial price of wheat had to be set where it was.

The hon. member knows that the Canadian Wheat Board's initial payments are set each spring in relation to anticipated conditions in the world grain market in the coming crop year.

In 1990-91, world production of wheat and coarse grains is expected to increase. Production of these grains might be able to exceed world consumption. That means there is a good chance that world grain supplies will be higher than they were in 1989. Therefore, grain prices are expected to be low.

Another result of the expected higher production is anticipated larger grain supplies available for export in the European Community and the United States. Both are expected to have more wheat to export. The EC is expected to produce more barley and it will be looking for export opportunities.

With more grain to export, both these major grain traders could be expected to increase their export subsidy levels. Again, this would keep world grain prices low.

We have seen over the last few years how the export subsidies used by the EC and the United States have driven down world grain prices and shifted world trading patterns. Ten years ago the EC exported just over 10 million tonnes of wheat. This year, it is expected to export more than 19 million tonnes. In 1988-89 the EC had 20 per cent of the world wheat market, compared with just 6 per cent 10 years earlier.

However, even with the high production and price-lowering subsidy practices of the EC and the U.S., low grain prices in 1990-1991 are not an absolute certainty. Conditions could improve and prices could rise accordingly.

World grain supplies at the end of the present crop year are expected to be at their lowest level, compared to world consumption, since the mid-1970s. With this low-supply situation, world grain prices will be extremely sensitive to weather conditions over the course of the next crop year. A drought or other weather problem which resulted in crop failure in any of the major grain-producing areas of the world would cause prices to increase.