

instance, would be strongly tempted to buy from Argentina should that country offer to sell her wheat at, say, 25 cents a bushel less than it could be bought under the wheat agreement.

Hon. Mr. Kinley: What is the real intention of the agreement?

Hon. Mr. Crerar: My honourable friend would have to put his question to those who proposed the agreement. I have never been able to find any logical reason for it.

Hon. Mr. Kinley: Surely my honourable friend, who is an authority on wheat, knows the intention of the agreement.

Hon. Mr. Crerar: I have never been a proponent of any international wheat agreement, because I have never considered that such a plan would work. Over a span of many years western Canadian wheat came to acquire a high reputation for quality. This reputation made our wheat desirable on international markets, but I am afraid that under this agreement we may sacrifice this advantage.

Hon. Mr. Horner: May I ask my honourable friend what would happen if a new government came into power in one of the signatory countries, and claimed that it were not responsible for the agreement?

Hon. Mr. Crerar: I have not had time to read this new agreement carefully, but my recollection of the one presented to us a year ago is that provision was made whereby the agreement could be abrogated by any of the signatory countries. However, supposing Liberia, which is on the west coast of Africa, were to announce that she was going to buy wheat from Argentina instead of buying it under the agreement, would a fleet or an army be sent to enforce sanctions? Certainly not. What would be done to Brazil if she were to decide that it was to her advantage to buy her wheat from Argentina? Would we send an army or a navy to enforce our contract? Would we impose trade sanctions against Brazil? This would be one method of reprisal, but it would not be done because it would arouse a storm of protest in this country that would entirely overshadow the violation of the agreement. These are some of the reasons why I have little faith in this agreement.

Hon. Mr. Kinley: I hope the honourable senator from Churchill, whose long association with the wheat trade has made him an authority on the subject, will permit me to ask him a question. What is the relation between this agreement and our present wheat agreement with Great Britain?

Hon. Mr. Crerar: I understand that this agreement does not interfere with our contract with Great Britain, which has only one year to run from August 1 next. The signatories to this international agreement have recognized the contract between Britain and Canada, which can normally be discharged, and then Canada will come under the international agreement. That is my understanding.

Hon. Mr. Robertson: I think that is right.

Hon. Mr. Kinley: Is it supplementary to our agreement with Britain?

Hon. Mr. Robertson: I understand the position is as stated by the honourable gentleman from Churchill. Our agreement with Britain is for another year, and it will be replaced then by the International Wheat Agreement, if that is ratified by the various participating countries. The extent to which \$2 happens to be higher than the prevailing price at any time during the next crop year will be looked upon as partial compensation to our producers for the advantages that have accrued to Britain in recent years by reason of the lower price at which our wheat was sold to that country. I believe there is no conflict between this agreement and our agreement with Britain. The negotiators of each one had full knowledge of the terms of the other.

Hon. Mr. Kinley: Would this agreement be effective if the government of the United States declared a wheat surplus in that country?

Hon. Mr. Robertson: I do not think such a declaration would have any bearing upon the International Wheat Agreement. If a wheat surplus were declared in the United States, moneys allocated for the E.C.A. could not be specifically used for wheat purchased from Canada. In any event, that has no relation to this agreement.

Hon. Mr. Kinley: I have listened with great interest to what my honourable friend said about agreements for international trade, and it seems to me that the purpose of any such agreement is to assure a supply of the goods in question to the purchasing country, at a price that can reasonably be paid by the consumers. When you are doing an export business it is very important that you do not allow the price of your goods to go beyond what the consumers can pay. If they consider your price too high, you will not be able to continue selling to them.

The people who are making this agreement with us are undertaking to do certain things, and we expect them to carry out their undertaking, regardless of how large the world production in any year may be. In all business you take it that people will stand by