

Wheat—Marketing of Surplus

long tons, of which Canada supplied 1,545,949 long tons. Thus we supplied for that period 61.3 per cent of the total imports, as against 38.7 per cent for the rest of the world.

I have shown, I think, that not only have we held our position in world trade, not only have we held our percentage at the highest level we have enjoyed in the last ten years, but we have also maintained very close to our highest percentage of participation in the British market, that is, 61.3 per cent of all the wheat imported into Britain.

Well, now, why did this cut in prices come about? I would think, from the speeches I listened to tonight, that there is some magic in this figure of \$1.88½ for Vancouver and \$1.82½ for Fort William. Why are these any more impressive than the figures we had eight or nine months ago? At that time wheat was selling around \$2, then \$1.98, \$1.96, \$1.95 and finally it got down to \$1.88, and we held it there for some time. Why not hold it there forever? Well, unfortunately we are dealing in a very competitive world. The wheat trade of the world used to be in the hands of governments. That is not the situation to nearly the same extent today. I suppose over 50 per cent of the wheat that enters into the world trade is now bought by private buyers. Those private buyers buy their wheat as cheaply as they can, on the basis of quality. It was found by the United States and by ourselves that our prices were becoming out of line with those being quoted, particularly by southern hemisphere countries which have just harvested their crops, and are active competitors in the world market.

It became a question as to whether we would hold an umbrella over those countries and be content to stand by until they sold their crops. It is the feeling of both North American countries that neither of us can afford to do that in the present situation. The matter was discussed. The facts were agreed upon as to competition in world markets. Each country retired to make its own decision as to what it would do in regard to that competition. The United States moved first and decided that their situation warranted a cut of more or less 10 cents. It was not an even cut of 10 cents because the various delivery points were cut to varying degrees. Our board, in the light of the discussions in Washington and in the light of the action taken by the United States, decided that a cut in the top grades of 10½ cents a bushel was warranted at the time to make Canada competitive.

We have been told that that action was a tragedy to the farmers; that we should have held the price. Well, we could have held the price. The only trouble is we would not

have sold very much wheat at that price. I think most sensible people know that you have got to balance your idea of price against your desire to get rid of the product. If you are satisfied to hold the product you do not need to lower the price. If you expect to sell in a competitive world, the price must be competitive with prices offered by other countries. That, I think, is the situation today.

It was felt that an abrupt drop was better than the kind of drop that falls away a cent a day or a cent or two cents a week, because once the abrupt drop is made the buyers have some confidence that the price is the price that will be maintained for a considerable period, and that the slowing down of purchasing that results from a steady lowering of prices will not result from the abrupt adjustment that has taken place within the last few days.

I could go on and speak of our policy, but I am sure it is unnecessary. But nevertheless I would point out that the policy on payments is that an initial price be fixed at the beginning of the season, and that deliveries of grain in the country be paid that initial price. That has been the policy. The present initial price has been \$1.40 basis No. 1 northern for several years, and that is the initial price today. It has been said here that there is no floor under wheat. What more effective floor can there be than an outstanding offer to pay on the basis of \$1.40 at terminal delivery point when wheat is delivered at the country elevator?

Mr. Argue: Can the minister say whether that same floor will be continued beyond August?

Mr. Howe (Port Arthur): I was offered inducements to forecast the future a few moments ago, and my hon. friend did not produce his inducement. I think now I will do no more forecasting while I am speaking here tonight.

Mr. Argue: You would not dare make this one.

Mr. Howe (Port Arthur): That is the policy. It is contrasted with the policy of the United States, and some strange statements were made about the policy of the United States. We are told that there the farmer is given parity prices. Well, that is hardly the situation. We are told that the difference is that in Canada the wheat board does not own the wheat; whereas the United States government owns the wheat.

In the United States private grain can be delivered into an approved storage. The

[Mr. Howe (Port Arthur).]