

*Wheat Export Prices*

billion bushels, a reduction of more than 25 per cent. This represents a reduction in world trade of 600 million bushels of wheat.

It would be somewhat unusual if this tremendous decline that has taken place had not been reflected in the Canadian trading picture. I think if one wanted to be fair in one's assessment of the situation—which I am not sure some members of the opposition wish to be—one would have to bear this in mind.

Reference has been made to the fact that the Soviet Union has not taken up its commitments for Canadian wheat. If the Soviet Union had taken the 135 million bushels still due under the last contract, then Canadian sales would have been about 305 million or 310 million bushels, plus the 135 million bushels to the Soviet Union, for a total of 440 million bushels, quite a good trading year.

**Mr. Stanfield:** You cannot live on ifs.

**Mr. Pepin:** No. But the Leader of the Opposition could not have predicted either that this would happen, and had the Soviet Union fulfilled its commitment the market situation would have been different, and we would not have had today's debate.

The same situation obtains in relation to stocks held throughout the world. The drop in world trade in wheat has been matched by the increment in stocks held by the five major exporting countries. On June 30, 1969 stocks reached a record level of 2.4 billion bushels. At the conclusion of the Kennedy round negotiations in the spring of 1967, stocks amounted to only 1.4 billion bushels.

I am trying to indicate that the conditions when the I.G.A. was signed were quite different from present day circumstances. One of the purposes of the I.G.A. was to provide for necessary adjustments to newly arising circumstances, but unfortunately we did not have the kind of co-operation between I.G.A. exporters and importers needed to meet this objective. It is very difficult for countries to co-operate when there is a surplus of production.

The Leader of the Opposition seemed to accuse the Prime Minister of having promised that this government would sell 1.3 billion bushels of wheat in three years. As I said, we have sold 305 million bushels this year, so I do not think we will meet our objective for this year at least. However, things may improve in the next two. In 1968-69 had we sold 135 million bushels to the Soviet Union, as contemplated we would have totalled 445

[Mr. Pepin.]

million bushels, which if multiplied by three would reach our objective quite easily.

May I now move to the next part of my remarks. It has been implied that the government has not been as co-operative as it should have been in regard to the western wheat economy. The leader of the New Democratic party questioned the claim of the government that it gives all the support it can to the Wheat Board. He asked what we had done to support the I.G.A., what kind of credit facilities we had made available and what kind of food aid in terms of wheat the government had given.

Since time is short I should like very quickly to review the situation. I am not trying to say that what the government has done is enough; I am just indicating that it would be well if members of the opposition knew what had been done and is being done by the present government. I also want the Canadian public to know what has been done to protect and to assist the Canadian wheat economy.

First of all, we have made initial payments. As is well known, the Canadian government makes some initial payments every year, currently on the basis of \$1.70 per bushel for Manitoba Northern No. 1, other grades being adjusted accordingly.

**Mr. Korchinski:** This price is getting a little shaky.

**Mr. Pepin:** Yes, it is indeed. I think it is well for members of the opposition to realize what a floor price really means. Allowing 15 cents a bushel for storage and operating costs, on the basis of a \$1.70 a bushel initial payment, the Canadian Wheat Board must sell No. 1 wheat at an average price of \$1.85 per bushel in order not to call for government support. Should there be further declines in prices throughout the world, the Canadian government would find itself committed to very substantial amounts of money. The floor price acts as a guarantee for the western farmer, a very important protection in times like these.

Secondly, there are the provisions of the Prairie Grain Advance Payments Act. I was told by people who accompanied the Prime Minister on his visit to western Canada that there are some who are still unsure of the effects of the measures the government has taken. As is well known, or should be well known to hon. members, in November 1968 this act was amended to provide for a doubling of the maximum amount of interest free