

Supply—Trade and Commerce

wanted an assurance and this was what was mentioned by the hon. member for Rosthern, who has a good knowledge of these matters—that there would be no price war. They were holding back on their orders to see whether or not Canada was going to enter into a price war with the United States. I assured them that it was not our intention to enter into any such price war. We thought that stability in the trading in wheat internationally was the desirable factor. A price war is a matter of experience of the past, and when there was a price war in the sale of wheat on the international markets what happened? The price of wheat dropped to disastrous levels and the consumption of wheat over the world declined and nobody benefited. Therefore, I assured them on that point and since then things have been improving.

We discussed other matters during the course of that visit and I was assured by the representatives of the grain trade and by officials of the various governments that they wanted Canadian wheat. They are interested in the higher protein quality of our wheat of this year's crop. They wanted to deal with Canada and continue their dealings with Canada. All told it was a useful visit to the United Kingdom and to Europe.

At the time that we went there in September there was a pessimistic outlook with regard to our prospects of disposing of Canadian wheat. The situation has changed. As of December there is a feeling of optimism that we shall reach and perhaps surpass the objective that was mutually agreed upon, I would say, by the wheat board and myself in general discussions, an objective of 300 million bushels for export. The internal consumption, as I have said before, of feed, seed, and so on, amounts to 150 million bushels. The crop this year was about 350 million bushels, so we do dispose of 100 million bushels of the surplus that has been in the elevators during the course of this year.

Some hon. members will say that that is not enough, that we must sell it all at once which, of course, we cannot do. It just cannot be consumed all at once and it cannot be shipped all at once. The hon. member for Melville, who has had a long experience in this regard, said so this afternoon and he speaks with years of experience behind him. You can dispose of a certain amount of wheat but there has been a limit over the years in the amount of wheat that the world has consumed. As certain populations acquire a liking for flour more wheat may be consumed. In the more advanced countries there is a decline in the consumption of flour, therefore it begins to balance out. You cannot immediately dispose of the large surplus that is here in Canada; but an aggressive sales policy

is being carried on and I am very hopeful that we shall exceed the objective of the export of 300 million bushels of wheat. That does not solve—

Mr. Quelch: What size of quota will this target permit?

Mr. Churchill: We raised that during the discussion of cash advances. It is certainly six, and it may be more.

What I am drawing attention to is the fact that there is an aggressive sales program going on. Hon. members have suggested that we accept local currencies for wheat. Well, that is equivalent to a loan. Actually, I do not see any difference between making a loan to a foreign country and accepting its local currency. If that appears to be a suitable method of disposing of wheat it might be adopted. Whether or not Canada considers that it should be done is a matter for consideration. The hon. member for Acadia, who makes very thoughtful speeches in this house I think quite properly said that if we are going to dispose of surplus production in this country we must make it possible for other countries less well endowed with wealth to purchase our surplus products. How else can we dispose of them? This brings you back, then, to his suggestion of a loan or accepting the local currencies. All these things I think should be very seriously considered because we are in this position. We have a surplus of wheat. There are countries in the world which are unable to buy our wheat and we have no desire to hold it back and have people go hungry. If ways and means can be found of transferring this Canadian wheat to hungry populations I do not know of anyone who will object.

Mr. Tucker: Mr. Chairman, I wonder whether the minister would deal a little further with the point that he made that the United States is subsidizing the export of their flour and what he said the other day, namely that we have had to cut our prices to meet that competition to our wheat by eight cents or nine cents a bushel. To what extent should the country bear the cost of meeting the subsidization by the United States treasury instead of leaving the burden on the farmers?

Mr. Churchill: It should not be a burden upon the producer, that is the farmer. I think there is an instance where a government, facing that type of competition from another government, must assist. I do not think the farmer should be the one who should carry that load when the circumstances are completely beyond his control. The same thing is true with regard to the storage problem. We have not objected to the policy introduced some years ago and which the hon. member