

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Eleventh Legislature**  
**36th Day**

**Thursday, March 22, 1951**

The House met at three o'clock p.m.

**INTERNATIONAL WHEAT AGREEMENT**

Moved by Mr. G.H. Danielson (Arm River), seconded by Mr. W.A. Tucker (Rosthern):

“That this Assembly requests the Federal Government to take action to renegotiate the International Wheat Agreement with a view to having an additional term added to the said Agreement providing for an annual conference between the parties thereto, such conference to have power to increase the minimum and maximum prices each year, so that such prices may be set at an amount which would give the same purchasing power as the said prices did when the Agreement was signed.”

**Mr. Danielson:** — Mr. Speaker, I hope this will be the last day we will be talking about wheat during this legislative Session. The resolution that is on the Order Paper, today, has been there for some time, and I think every member of this House has been reading it a few times. I do not think there is any need of reading it at this stage of the discussion.

Back in 1948, the organized farmers of Canada, the United States and I think, Australia and some other nations who were producing wheat for export, got into contact with other organizations in the other importing countries, and in co-operation with the governments concerned, they tried, during the summer of 1948, to effect a wheat agreement whereby a certain amount of wheat would be taken by the importing countries at a certain price — a certain maximum and a certain minimum price — whereby the importing nations could be assured that they would have access to the wheat supplies of the world at a certain price, not to exceed a certain maximum, nor fall below a certain minimum. We, on the other hand, the exporting nations, would be able to depend that we could sell a certain amount of our exportable surplus to these nations at a certain price, having regard to the maximum and minimum. Back in 1948, this was not accomplished. We were not able to effect an agreement at that time; but in 1949 this talk was resurrected and continued and they finally were able to come to an agreement during that year — I think in July, 1949; and this agreement was then effected.

At that time, Mr. Speaker, things that happened during the last few years could not be foreseen, and there was no provision in that agreement, so far as I know, whereby the economic forces and the political events which have transpired in this world since that time, would have an effect upon the purchasing value of the prices set for the commodity of wheat. Since that time, as we know, many things have taken place, and as the result of very many things, inflation has continued right along, and today, based on a

**March 22, 1951**

dollar and cents value, the purchasing power of the price set in the agreement is now away below what it was at the time the agreement was arrived at.

This resolution, Mr. Speaker, aims to open discussions between the various importing and exporting nations whereby this particular problem could be adjusted between them, on a jury basis, which would give those of us who export wheat a certain price which would have a relationship to the purchasing value of the dollar at the time that this agreement was arrived at, and signed, in 1949, and to what it is at the present time; and also, what it might be during the next two years of this agreement. Here is the resolution which I am going to move:

“That this Assembly requests the Federal Government to take action to renegotiate the International Wheat Agreement with a view to having an additional term added to the said Agreement providing for an annual conference between the parties thereto, such conference to have a power to increase the minimum and maximum prices each year, so that such prices may be set at an amount which would give the same purchasing power as the said prices did when the Agreement was signed.”

Now, I want to go back to 1949. I said that, after a long period of negotiations, this agreement was finally arrived at. Four exporting nations signed this agreement; Canada, France, The United States and Australia. These four nations signed the agreement to supply to the importing nations (which I think, at the present time number about 36) a certain amount agreed upon. That stipulated amount, Mr. Speaker, was 456 million bushels of wheat. Now, since that time, two more nations (if my information is correct) have joined this agreement, and they are both on the importing side of the bargain, namely, Germany and Japan. Canada's share of the exportable surplus of that 456 million bushels of wheat at that time, was 203 million bushels. Canada got a very large percentage of that wheat allotted to her for export, during the four years, and I understand, since two other nations have come into the bargain or into the scheme, that an increase has been made for Canada. So I stand to be corrected in this figure, but I think it is about 212 million bushels which Canada can export, each year, during the term of this agreement.

This agreement was effected before the British Wheat contract, which we have heard so much about the last few days; but, during the first year, the 1949-50 crop year, this agreement did not have any effect on the amount of wheat that Great Britain purchased from Canada, in that crop year, under the U.K.-Canada Wheat Agreement. But other wheat exported by Canada to these nations was sold under the world Wheat Agreement, and the maximum price had been set for four years at \$1.80 a bushel (that, I might explain, was based on United States currency) and \$1.50 minimum, during the first year, which is now passed; and \$1.40 minimum during 1950-51, which is the present year; \$1.30 minimum for 1951-52; and \$1.20 minimum for 1952-53.

When this agreement was signed, in 1949, our dollar was on a par practically with the United States dollar; therefore, we got then considerably more than \$1.80. Our price, I understand, was \$1.98. The reason, of course, was, Mr. Speaker, that from 1948 to 1949, our dollar was depreciated in terms of the United States dollar by about 10 per cent. This gave us

about 18 cents a bushel more in our Canadian money than what it would have been if our money had remained on a par with United States currency during that time. The minimum, during the first year, was not \$1.50, in our money, for the same reason; it was \$1.65 in Canadian money.

At the present time, Mr. Speaker, things have changed considerably in regard to the exchange of money, and today, our dollar is not at a discount of 10 per cent. Today, our dollar is at a discount, as compared with the United States dollar of about  $4\frac{1}{2}$  or 5 per cent — about one-half of what it was. This, of course, gives us a little bit more than what we would get if our dollar was at a par with the United States. In other words, our money and our price for a bushel of wheat in Canadian currency, at the prices of today, would be about \$1.89 in our Canadian money. That, of course, gives us a little bit of an advantage in a sense, but not as much as would appear on the surface, because many things alter the value of money when we go to spend that money.

I am not going to go into that, but today the market price of what we class 2 wheat is not \$1.89 today, it is \$2.19 as it closed last night. Therefore we find that our money that we get under the International Wheat Agreement in Canadian currency at its present value is about 30 cents a bushel less than what the Class 2 wheat sells for on the open market.

That is not the only thing, Mr. Speaker. There are many other things that enter into the picture. Before I go into that I just want to say a few words in regard to the aims and objects of this agreement. The Saskatchewan Wheat Pool said that this was a continuation or a combination of the 4-year United Kingdom-Canada Wheat Agreement. In the text of this agreement we find this:

“That because of this statement, we must overcome the serious handicap, the serious hardship caused to producer and consumer by surpluses and critical shortage of wheat. To do this the Agreement will do the following:

‘Assure a supply of wheat to importing countries and a market for wheat to exporting countries at equitable and stable prices’”

That is really the fundamental principle underlying this Agreement, and it is a very good principle, I submit, Mr. Speaker. It is one that I think and I hope will be continued and supported by importing and exporting nations for many years to come. There are several things in this agreement that are of great importance. Each of the four exporting countries that signed the agreement, it specifies the number bushels of wheat that they would be permitted to sell and what the other countries were prepared to take. And as I stated, there were 426 million bushels originally, and that amount has been considerably increased by Japan and Germany now taking advantage of the agreement. I have not got the exact number of bushels, but it is a considerable amount.

This last year importing countries had the right to ask for delivery at ceiling prices, and it was an obligation for the exporters to deliver at the ceiling price and conversely the exporters have the right to ask the importers to take the quantity agreed to at the floor

**March 22, 1951**

price. That has come into this, Mr. Speaker, but in case the importing nation does not need, or for some reason tries to hold back enough of the amount estimated, they are under no obligation to pay for that amount; but the price that they would have to pay for that amount is not the maximum price of \$1.80, but the floor price, which, as I have said, is fluctuating, going down about 10 cents per bushel a year: from \$1.50 in the first year to \$1.20 during the last year.

That is a very important thing, I think. That in itself might be of great value to the importing or exporting nations, because there is the floor price for wheat for the next two years or the next three years, if we include the present crop year. It is the floor price that sets the price that it cannot go below. On the governing body set up for this organization — what we call the International Wheat Council to administer the International Wheat Agreement — exporters have the same number of votes as the importers. Now there are only four exporting nations and there are 36 importing nations. But, according to this, which I think is absolutely correct because it comes from the largest grain handling concern in the world, the Wheat Pool, it says here that the exporters together have the same number of votes as the importers and votes proportion out of proportion to each country's guaranteed contract. Under the agreement each country is to have at least one vote; no country, no matter how small may be the quota it has agreed to take from the exporting countries, but has one vote in this contract. Now that is of great importance because it is really democratic: it is recognizing the right of even the small fellow to be heard. It also recognizes the fact that these 36 nations which are importing wheat have not got any more votes than the four countries exporting wheat under this agreement. This is a very important thing in my mind because it places it on a principle which is democratic and which I think places it in such a way that no advantage can be taken by either side of the other side because of having dominating voice in the International Wheat Council.

We in Canada, Mr. Speaker, are particularly concerned about the inflation which has brought about a reduction in the purchasing value of the dollar and the currency that we get for this wheat. Now we are probably more concerned — perhaps Australia is, too, but not as much as we are, I don't think; but we are more concerned than the United States. In the United States, Mr. Speaker, 80 per cent of the wheat they produce in the United States is consumed in United States. The price is set; a certain minimum price is set and they all get it. The farmers are sure of that price. We, on the other hand, get it off to somebody else — they purchase 80 per cent of our wheat. We have got to go outside of Canada to find a market, when at the same time we only consume in Canada about 20 per cent of our production in any ordinary crop year. Now, this makes it all the more serious and important for the Canadian producer, when we find that the value of the purchasing power of \$1.80 (which is the maximum) or \$1.40 or \$1.30 (which is the minimum in certain years) has now been reduced to a place where it does not give a Canadian farmer the purchasing power that he should have in relation to the rest of the economy of this country.

The other day, Mr. Speaker, there was in the editorial page of the "Leader-Post", a chart set out there which shows the relative purchasing power of farm products. It was very accurate and clear, and

should be understood by anyone. And it showed plainly that every farm product today, as far as I can remember, is away above the 1926 level — I think 1926 was the basic year taken — except wheat. Wheat is below the 1926 basic year in purchasing power, considerably below; but other products which we have purchased have gone up in proportion much more than our wheat has gone up. Livestock producers, dairy products and many other things are away above the basic year of 1926, which I think has been considered in Canada, or in Western Canada at least, as one of the years when we as farmers had the closest and fairest relationship as far as income was concerned with the rest of the other classes of our economy in Canada.

This resolution, as I have said, is for the object of asking the Dominion Government to swing open this agreement, and I understand that there are some provisions made in this agreement whereby it can be done. If there is anyone, any nation or any country who is unduly suffering hardship or discrimination under that agreement it can be re-opened and adjusted on the basis of fairness and justice to everybody. Now I find that not so long ago it has been accepted in international agreements dealing with other products. I notice that Great Britain has signed an agreement, Mr. Speaker, in regard to the purchase and the sale of meat between Australia and Great Britain, and the life of that agreement, if my information is correct, is 15 years, and the price to be paid during that time is to be negotiated every year. Now, if we had had something like that in this famous four-year United Kingdom wheat agreement, then all the talk and all the recriminations and all the misunderstandings might have been avoided and in one thing perhaps the politicians would not have so much ammunition and material to work on. I think the farmers would have been more satisfied, and every good feeling and trust would have been still, and I hope it will continue to be, even as it is now in existence. But if there had been that, I am sure that the farmers of Canada, — and the Wheat Pools of Canada would have been far better satisfied. I think they would have more money also; and the British Government would have had no ground for misunderstanding or recriminations at the present time. That is one reason, Mr. Speaker, why I think the request that we make in regard to this International Wheat Agreement is absolutely possible and there is justice behind it; and that is the gist of this resolution.

I have no doubt that the men who were responsible for the drafting and the signing of this Agreement did a good piece of work, and I am willing to admit that they did; but, after all, they did not know any more in regard to this International Wheat Agreement than they did in regard to the four-year agreement with Great Britain. Conditions that exist today might be very, very different even six months from now, and a year from now they could be drastically different. And so, history has proven that what has been in the past will likely be in the future. Therefore, if we are going to carry out and sell our grain and probably other products under agreement for any length of time, there should be something in every agreement that would at least give it flexibility of adjusting, because when they drew up this agreement, Mr. Speaker, there is no doubt, at the time that these figures were arrived at, there was a basic fundamental principle on which they were based, and that was the purchasing power of the currency that existed at that time. Nobody could foresee that

inside of two years the dollar, no matter whether it is the Canadian dollar or the United States dollar, would be at a handicap or have less purchasing value of probably 20 per cent than what it was in 1949.

These are things that I think should be taken into consideration. I say, Mr. Speaker, that if this agreement as it is now, where we see that we are losing 30 cents a bushel — I am not going to say that is a fact, but that is what the world's price for Class 2 wheat indicates that we are losing; if we are going to continue for this next two years after this crop year and take the same medicine, well I think that the farmers of Western Canada and the Wheat Pools of Canada will be so disgusted and so dissatisfied with these hard and fast and rigid agreements that we are not going to be able to negotiate another agreement. We know now, too, that the 36 importing nations have lived up to this agreement. They have imported and bought the stuff that they agreed to do, and I should not wonder; there is no mystery about that, because they surely have an impelling motive to do so, Mr. Speaker, when a nation can come and buy grain or anything else under an agreement at a fixed price below the world price. I am not criticizing the principle of the agreement; but I would say that we might probably have had another story and another experience if the world price had gone down 30 per cent below the agreed price. Would these 36 nations then have come in and taken their full quota under the agreement? I do not know, but there is that possibility. So, I would say that if we are going to be able to foster the principle (and I think it a good principle) of the agreement to the letter, in order to put our agricultural industry on a stable basis, and also render stable conditions to the importing countries, to guarantee them against a rise in prices, and hold up, perhaps, in certain circumstances so far as the price of wheat is concerned, then I think we should have that provision that justice and equity can be done. At least it should be open for review, Mr. Speaker, every year.

Now, I am not going to take up any more time with this discussion because there is not very much more to say. I hope that the House will see some reason in what I have said and support this resolution. I think it is justice that it should be done and like to believe that it will be done if the voice of the farmers and the producers is heard not only here but in places where they might be able to do something about it. We, in Saskatchewan, can only request that the Government of Canada, who signed this agreement on the advice and the consent of the farmers' organizations and all the wheat farmers of this country, will take on themselves to reopen these negotiations. I am sure if it is done in the right spirit, in the spirit of give-and-take, that something will come out of it which will be of benefit to the people of Saskatchewan.

**Mr. A. McCarthy:** — Mr. Speaker, I would just like to say a few words on this motion, moved by the hon. member for Arm River. We have spent a lot of time discussing the last five-year agreement and there has been a lot of disagreement about what we have coming. Here is just as serious a matter, probably more serious, and I think now is the time to discuss it, before we deliver the wheat. We are now delivering wheat under the International Wheat Agreement at a much lower price than the world price; that is, we are delivering this wheat today at \$1.80 or \$1.90, depending on which funds you take into consideration, and I believe that the world price today is around \$2.19. Now that fluctuates from day to day, but I think it is quite proper to say that up to now in this year,

we have delivered our wheat at probably 30 cents less. That 30 cents is more or less a tentative figure, of course, because it varies from day to day; but I think, if you take the average of this year's deliveries, we are delivering our wheat today at 30 cents a bushel less than we could have had at world prices.

Now that is what all the argument was about on our last five-year agreement, and I regret these arguments getting into this thing about the prices, because I am very much in favour of this system of stabilized prices, and I am very much afraid if we continue to do this sort of thing that we are going to have the same argument continuing into our International Wheat Agreement. I suggest that now, before the wheat is delivered, is the proper time; if we have any kick or anything like that, now is the proper time to meet with the people who are taking our wheat and discuss this thing on a friendly basis, and not wait until after it is all over and then come back and try to say, "Well, you promised this or you promised that, and this fellow said this and the other fellow said the other thing, at the time you made the deal".

I have said before, and I am going to repeat, that wheat is sold on a business basis and bought on a business basis, and no sentiment enters into it at all. No matter who these people are who are buying wheat, they are obliged to buy at the best advantage they can, and similarly, we who sell wheat should sell it to our best advantage; and I very much regret this thing. I am afraid that what is going to happen is that we are going to wreck the system that has taken our farmers years to build up, of trying to build up a stabilized price; and in our present set-up today I can see danger in the future. If we believe in these stabilized prices (and I believe we do believe in them, I believe the average farmer believes in them), we cannot say that any bunch of men is going to say, "Well now, we are going to make an agreement and it is going to be right," because if anyone knew what the price of wheat was going to be, say, for one year in advance, we would not need to be in politics, we would not need to be farmers, we would not need to be doing anything else, we would be millionaires. We could be that over night if we knew. So that anyone, I do not care who they are or how well versed they are in the situation, cannot say any time ahead what the price of wheat is going to be. So if we, as farmers, believe in this and are going to believe in it, we must be prepared to accept — we put this into the men's hands, they do their best; we must be prepared to accept their judgment on it. If their judgment is wrong I think it is entirely wrong to bring it into politics and say, "We are going to the Federal Government and make them pay it," because the people who make this deal make the very best deal they can, and it looks all right to them at the time. We must be prepared to accept some losses, something less than the world price, in order to have our stabilization. In some years we may gain, other years we may lose; but we must be good enough sports, if it goes against us, to accept it as the price for having a stabilized price on our wheat.

**Hon. Mr. Nollet:** — I beg leave to adjourn the debate.

The Assembly then resolved itself into the Committee of Supply on Estimates of the Department of Natural Resources.

The Assembly adjourned at 9:50 o'clock p.m. until Monday, March 26.