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Friday, December 19, 1947

Speaker: The Honourable GASPARD FAUTEUX

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OFFICIAL REPORT

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I rise to a question of privilege. I regret to have to ask that a correction be made as I think both *Hansard* and the King's printer do such a splendid job. However, in this case the printer has omitted a very essential passage in the speech I made last evening. I would refer to page 471 of *Hansard*, about half way down on the right hand side where the word "organization" appears. After that word I said:

Then there is another kind called the united grain growers' which used to be farmer-owned.

That was omitted by the printer.

HOUSE OF COMMONS

Friday, December 19, 1947

The house met at three o'clock.

CIVIL SERVICE

SALARY INCREASES—PAY AND ALLOWANCES FOR ARMED FORCES—VETERANS PENSIONS AND WAR VETERANS ALLOWANCES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the government has for some time been giving careful consideration to the rates of pay of members of the civil service and the armed forces, and the rates of veterans pensions and war veterans allowances. It was recognized that account should be taken of increases in the general level of wages and salaries since the establishment of the existing rates. The problem is complex and difficult, and it is not yet possible to announce decisions with regard to all rates or all persons affected.

I should mention here that consideration is practically completed of the rates applicable to civil service grades such as messengers, elevator operators, caretakers, watchmen, cleaners, packers, hospital orderlies, and canal and airport employees. The civil service commission is also preparing recommendations affecting civil service grades between those now being dealt with and those already dealt with as a result of the Gordon report. It was felt that the announcement of the decisions already reached should not be delayed and I wish, accordingly to announce them immediately.

New salary scales have been approved for the clerical grades in the civil service which represent about one-third in numbers of the entire service. The new scales will be effective as of October 1, 1947. Revisions of other civil service salary scales are still under consideration. Whatever related adjustments are made will also be retroactive to October 1.

In adjusting civil service salary scales it was necessary to examine and decide on detailed and specific revisions of each individual rate. An alternative suggested was to increase all rates by a fixed percentage. It was felt that a percentage increase would not result in a schedule of rates which would be equitable. In recent years there have been changes and adjustments in certain of the rates including the incorporation of the wartime cost of living bonus, the revision of a substantial number of classes in order to recruit or retain employees with specialized abilities, and the changes in senior administrative classes, proposed last year by the Gordon commission. Moreover, some new civil service classes have recently been established with rates more in accord with present conditions than the rates for older classes. All these factors had to be taken into account in making equitable adjustments at the present time.

The government gave consideration to the possibility of making the increase in the form of a cost of living bonus as an alternative to increasing basis salary rates. After thorough consideration, this alternative was felt to be unsatisfactory.

In establishing the new rates for clerical grades, the government has endeavoured to place them on a comparable basis with the rates being paid by private employers for similar services, with proper allowance for differing practices in regard to security of tenure, vacations, sick leave, retirement benefits and other terms of employment. The government has, of course, had in mind the general increases that have been taking place in wage and salary levels in Canada which affect the rates that are necessary for recruiting and retaining employees with the required qualifications.

The details of the new rates for clerical grades are set forth in a schedule which I am tabling. Broadly speaking, the effect of the present changes, combined with the increases already made through incorporating into salary rates the cost of living bonus which was granted during the war, is an increase from rates prevailing in 1939 of about $30 a month for grade 1 clerks, and of about $40 a month for higher grades, up to and including the grade of chief clerk.

With regard to the armed forces, the object has been to ensure that for this work of national service payments will at least be on a basis which is comparable, all things considered, with alternative employment in civilian life.

Taking into account all factors, it has been decided to put into effect increases which will average nearly 10 per cent of the total pay and allowances of the armed forces and which will vary from about 15 per cent in the case of privates and equivalent ranks, to about

5 per cent in the case of senior officers. Increases in respect of pay and quarters allowances are on a graduated scale. The allowance in lieu of rations for officers and men has been increased from $15 to $20 for all ranks.

These increases will be retroactive to October 1, 1947, and will be subject to pension deductions and income tax as in effect now or determined from time to time.

In the case of disabled veterans and pensioned widows, the government will introduce legislation during the present session of parliament to amend the Pension Act in order to provide for an increase in rates of compensation. The government will recommend that the increase should be $10 a month for totally disabled veterans, and for pensioned widows. For veterans in receipt of pensions for disabilities assessed at less than 100 per cent the government will propose proportionate increases in pensions. Increases will be made effective as of October 1st.

The government will also introduce an amendment to the War Veterans Allowance Act to provide for a supplementary allowance to veterans in receipt of war veterans allowances, and to widows in receipt of widows allowances. The amendment will authorize the war veterans allowance board to grant supplementary allowances up to $10 a month in cases of need for veterans and widows who, through age and infirmity, are unable to provide for their own maintenance. The board will be authorized to make the supplementary allowances retroactive to October 1, or to any subsequent date, as the circumstances of individual cases may require.

I may add that the increases here specifically set forth are estimated to involve an initial additional annual expenditure of approximately $25,000,000.

I now ask leave to table the rates as I have indicated.

TABLE

Note: Each employee at the maximum rate of the present range proceeds to the maximum rate of the new range, and each employee at a rate other than the maximum rate of the present range proceeds to the new rate in the new range which is the same number of steps below the maximum. The rate of pay to which employees will proceed as of October 1, 1947, will accordingly be the rate in the new range which is immediately below the rate which the employee is now receiving in the present range.

Clerk, grade 1
Stenographer, grade 1
Typist, grade 1

1939 salary range	....	....	$ 720	$ 780	$ 840	$ 900	$ 960	$1,020
Present salary range	....	....	900	972	1,044	1,128	1,200	1,272
New salary range	....	$1,020	1,080	1,140	1,200	1,260	1,320	1,380
Increase over present salary range	....	....	180	168	156	132	120	108
Increase over 1939 salary range	....	....	360	360	360	360	360	360

Office appliance operator, grade 1

1939 salary range	....	....	720	780	840	900	960	....
Present salary range	....	....	900	972	1,044	1,128	1,200	1,272
New salary range	....	1,020	1,080	1,140	1,200	1,260	1,320	1,380
Increase over present salary range	....	....	180	168	156	132	120	108
Increase over 1939 salary range	....	....	360	360	360	360	360	....

Clerk, grade 1A
Stenographer, grade 1A
Typist, grade 1A
Office appliance operator, grade 1A

Comparable 1939 salary range	....	....	900	960	1,020	....	....	....
Present salary range	....	....	1,128	1,200	1,272	....	....	....
New salary range	....	....	1,260	1,320	1,380	....	....	....
Increase over present salary range	....	....	132	120	108	....	....	....
Increase over comparable 1939 salary range	....	....	360	360	360	....	....	....

Note: Employees in these grade 1A classes are to be classified as grade 1 and the classes themselves abolished.

[Mr. Mackenzie King.]

Clerk, grade 2
Stenographer, grade 2
Typist, grade 2

1939 salary range	....	....	1,080	1,140	1,200	1,260	1,320	1,380
Present salary range	....	....	1,344	1,416	1,500	1,572	1,644	1,704
New salary range	1,440	1,500	1,560	1,620	1,680	1,740	1,800	1,860
Increase over present salary range	....	....	216	204	180	168	156	156
Increase over 1939 salary range	....	....	480	480	480	480	480	480

Office appliance operator, grade 2

1939 salary range	....	1,020	1,080	1,140	1,200	....	....	....
Present salary range	....	....	1,344	1,416	1,500	1,572	1,644	1,704
New salary range	1,440	1,500	1,560	1,620	1,680	1,740	1,800	1,860
Increase over present salary range	....	....	216	204	180	168	156	156
Increase over 1939 salary range	....	....	480	480	480	....	....	....

Clerk, grade 2A
Stenographer, grade 2A
Typist, grade 2A
Office appliance operator, grade 2A

Comparable 1939 salary range	....	....	1,200	1,260	1,320	1,380	....	....
Present salary range	....	....	1,500	1,572	1,644	1,704	....	....
New salary range	....	....	1,680	1,740	1,800	1,860	....	....
Increase over present salary range	....	....	180	168	156	156	....	....
Increase over comparable 1939 salary range	....	....	480	480	480	480	....	....

Note: Employees in these grade 2A classes are to be classified as grade 2 and the classes themselves to be abolished.

Clerk, grade 3
Stenographer, grade 3
Typist, grade 3

1939 salary range	....	....	1,380	1,440	1,500	1,560	1,620	....
Present salary range	....	....	1,704	1,764	1,824	1,884	1,944	....
New salary range	....	....	1,860	1,920	1,980	2,040	2,100	....
Increase over present salary range	....	....	156	156	156	156	156	....
Increase over 1939 salary range	....	....	480	480	480	480	480	....

Office appliance operator, grade 3

1939 salary range	....	....	1,260	1,320	1,380	1,440	1,500	....
Present salary range	....	....	1,704	1,764	1,824	1,884	1,944	....
New salary range	....	....	1,860	1,920	1,980	2,040	2,100	....
Increase over present salary range	....	....	156	156	156	156	156	....
Increase over 1939 salary range	....	....	600	600	600	600	600	....

Clerk, grade 4

1939 salary range	....	....	1,620	1,680	1,740	1,800	1,860	1,920
Present salary range	....	....	1,944	2,004	2,064	2,124	2,184	2,244
New salary range	....	....	2,100	2,160	2,220	2,280	2,340	2,400
Increase over present salary range	....	....	156	156	156	156	156	156
Increase over 1939 salary range	....	....	480	480	480	480	480	480

Clerk, grade 5

Comparable 1939 salary range	....	....	1,800	1,920	2,040	2,100	....	....
Present salary range	....	....	1,920	2,040	2,160	2,280	....	....
New salary range	....	....	2,220	2,280	2,340	2,400	....	....
Increase over present salary range	....	....	300	240	180	120	....	....
Increase over comparable 1939 salary range	....	....	420	360	300	300	....	....

Note: Employees in this class are to be reclassified to clerk, grade 4 and the class itself to be abolished.

Principal clerk								
1939 salary range	....	....	$1,920	$2,040	$2,160	$2,280	$2,400	....
Present salary range	....	....	2,100	2,220	2,340	2,460	2,580	....
New salary range	....	....	2,400	2,520	2,640	2,760	2,880	....
Increase over present salary range	....	....	300	300	300	300	300	....
Increase over 1939 salary range	....	....	480	480	480	480	480	....
Supervising clerk								
Comparable 1939 salary range	....	....	$2,400	$2,520	$2,640	$2,700	....	....
Present salary range	....	....	2,580	2,700	2,820	2,880	....	....
New salary range	....	....	2,880	3,000	3,120	3,180	....	....
Increase over present salary range	....	....	300	300	300	300	....	....
Increase over comparable 1939 salary range	....	....	480	480	480	480	....	....
Head clerk								
1939 salary range	....	....	$2,520	$2,640	$2,760	$2,880	$3,000	....
Present salary range	....	....	2,700	2,820	2,940	3,060	3,120	....
New salary range	....	....	3,000	3,120	3,240	3,360	3,480	....
Increase over present salary range	....	....	300	300	300	300	360	....
Increase over 1939 salary range	....	....	480	480	480	480	480	....
Chief clerk								
1939 salary range	....	....	$3,120	$3,240	$3,360	$3,480	$3,600	$3,720
Present salary range	....	....	3,300	3,420	3,540	3,660	3,780	3,900
New salary range	....	....	3,600	3,720	3,840	3,960	4,080	4,200
Increase over present salary range	....	....	300	300	300	300	300	300
Increase over 1939 salary range	....	....	480	480	480	480	480	480

The present annual increase date of employees in the above classes will not be affected by the above changes.

Clerks, stenographers, typists and office appliance operators, grades 1 and 1A, now in receipt of head of household bonus will receive the following rates:

Present salary range	....	....	$1,044	$1,104	$1,164	$1,224	$1,284	$1,344
New salary range	....	....	1,200	1,236	1,296	1,344	1,392	1,452
Increase over present salary range	....	....	156	132	132	120	108	108

Clerks, stenographers, typists and office appliance operators, grades 2 and 2A, now in receipt of head of household bonus will be absorbed into the new basic rates for grade 2 as follows:

Present salary range	....	....	....	$1,404	$1,464	$1,524	$1,584	....
New salary range	$1,440	$1,500	$1,560	1,620	1,680	1,740	1,800	$1,860
Increase over present salary range	....	....	....	216	216	216	216	....

Stenographers or typists, grades 1, 1A, 2 or 2A, or stenographers, grade 3 who on October 1, 1947 are in receipt of proficiency, stenographic, typing or dictaphone allowances in addition to basic pay will be placed at that rate in the new range which is appropriate to their rate of basic pay as of October 1, 1947. These allowances in pay, as of October 1, 1947, will be reduced by the amount of the resulting increase in basic pay. Where the amount of the allowance in pay as of October 1, 1947, exceeds the amount of the resulting increase, the balance will continue to be paid as an allowance in accordance with the provisions of order in council P.C. 36/2833 of July 16, 1947.

Mr. PEARKES: As far as the veterans are concerned the Prime Minister's statement is a tragic and terrible let-down. The pension increases are totally inadequate; and the increase in allowances is an extension of the means test.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. When a statement is made by a minister it is not the practice to permit a debate. If the hon. member wishes to ask a question he may do so, but he should not make a statement.

[Mr. Mackenzie King.]

Mr. PEARKES: Then may I ask the Prime Minister a question? Are the pension increases, which are approximately 11 per cent, based on the increased cost of living, which the government has announced as being approximately 43 per cent?

Mr. MACKENZIE KING: I may tell my hon. friend that I have sought to anticipate the questions that might be asked, and I think in the statement he will find the answer to the question he has just raised.

Mr. KNOWLES: May I ask the Prime Minister whether any provision is being made in these readjustments for superannuated civil servants?

Mr. MACKENZIE KING: My impression is that there is not, at the present time.

Mr. KNOWLES: Is the matter still under consideration?

Mr. MACKENZIE KING: Yes.

Mr. McIVOR: Is any consideration being given those government employees who do not belong to the civil service, but who have to eat and be properly clothed, such as the stenographic staffs of both houses?

Mr. MACKENZIE KING: No one knows better than my hon. friend that the government is considerate of all classes, and he may be sure consideration is being given all persons who should be considered.

Mr. BLACK (Yukon): Do these adjustments in salary apply to the Royal Canadian Mounted Police, both those in the service and those on pension?

Mr. MACKENZIE KING: The Royal Canadian Mounted Police are not dealt with in this statement.

Mr. GREEN: The Prime Minister mentioned war veterans allowances, and said there could be a discretionary increase up to $10 a month. Is the position such that if a man qualifies for war veterans allowance he will get the additional $10 automatically, or is some new discretion given to the war veterans allowance board to deal with each case?

Mr. KNOWLES: Is it a new means test?

Mr. GREEN: Yes; the hon. member has expressed my idea. Is there to be superimposed a new means test in regard to the additional $10? Perhaps the Minister of Veterans Affairs could answer that question.

Mr. MACKENZIE: The intention is that there will be a discretion based, as my hon. friend has suggested, upon the ability to provide the necessities of life.

Mr. KNOWLES: Call it a means test; that is what it is.

Mr. MACKENZIE: You may call it that if you wish; I prefer my own expression. It means a $10 increase up to $40 a month for those in receipt of veterans' allowance, with a holding back in certain cases where the necessity is not demonstrated.

Mr. GREEN: Then in effect it is not an automatic increase of $10?

Mr. ABBOTT: No.

Mr. COLDWELL: Are the employees of the national research council dealt with in this matter? They are not civil servants, but I think they should have some consideration.

Mr. MACKENZIE KING: My hon. friend will recall that the employees to whom he refers have just recently had salary increases. I do not think there is a further reference at the present time to them in this report.

Mr. FULTON: May I ask whether it is intended to make any provision for increases in the allowances of married student veterans, whom I did not hear mentioned in this statement.

Mr. MACKENZIE: Whatever policy the government will have in the future with respect to that question, it is not dealt with in the four classes referred to by the Prime Minister in the statement just made to the house.

Mr. GREEN (Vancouver South): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs arising out of the statement the Prime Minister has just made? Will there be any payment of this additional pension or additional war veterans allowance before amending legislation has actually passed both houses and been assented to?

Mr. MACKENZIE: I do not believe it will be possible to do that. It will be retroactive to October 1, 1947, subject to the conditions mentioned.

Mr. GREEN: Is there not some way in which those payments can be provided for without that delay, which may be a matter of six months?

Mr. MACKENZIE: That question has been explored and I am afraid there is no way in which what my hon. friend suggests can be done.

BUSINESS OF THE HOUSE

On the order—government notices of motion:

The Prime Minister—

That when the house adjourns on Friday, December 19, 1947, it stand adjourned until Monday, January 26, 1948.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall ask leave to take up this resolution later in the day. I wish to be perfectly sure we are through with the necessary business, before asking the house to adjourn.

Order stands.

CHINA

STATEMENT RESPECTING SHIPMENT OF MILITARY SUPPLIES BY CANADA

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked this question:

Will the minister make a statement today or tomorrow concerning the shipment of munitions to China, particularly under what arrangement this is being done and whether or not it involves the expenditure of United States dollars on the part of Canada; also if these shipments are in strict conformity with our obligation to promote peace in Asia and throughout the world?

The memorandum which I have had prepared states that the mutual aid agreement signed in March 1944, provided for the transfer from Canada of military supplies and other goods required by the government of China.

After the termination of hostilities in Europe consideration was given to specific items of military equipment, by then surplus to Canadian requirements, which might be made available to China, and certain orders for supplies of this type were placed by the Chinese government in accordance with their mutual aid agreement.

When the extension of a post-war credit to China was under discussion in February, 1946, it was recognized that a large part of the mutual aid grant was still unexpended, and the exchange of notes effected February 7, 1946, accordingly recorded the understanding that $25,000,000 of the $60,000,000 provided in the credit will be reserved for the purchase of supplies and equipment which has been requested by China from Canada as mutual aid, other items in production in Canada at September 1, 1945, which are surplus to Canadian requirements, and also certain items of used industrial equipment which China had sought to purchase from Canada, together with the cost of reconversion and completion of such equipment for Chinese use and its preparation for shipment. All subsequent shipment of military supplies to China has been pursuant to this agreement, reconditioning costs, however, being required to be paid for in cash.

No expenditure of United States dollars by Canada is involved in such shipment. The government is of the opinion that such shipment does not violate any obligation which may rest upon Canada to maintain peace in Asia.

Mr. COLDWELL: I am at a loss to understand how this can be classified as mutual aid, since the mutual aid of 1944 was against the common enemy, Japan. As I understand it, mutual aid ceased in September when the war with Japan was over. We are not now "mutual aiding" in the civil war in China?

Mr. ST. LAURENT: No; and when my hon. friend sees the answer he will see that is not what is stated. It is stated that because there was a large unexpended portion of what had been agreed to deliver as mutual aid, it was agreed in an exchange of notes in February 1946 that $25,000,000 of the $60,000,000 credit could be applied to such items as I have indicated, which had been ordered prior to the cessation of hostilities, and which were not going to be delivered under mutual aid because hostilities had ceased. I believe my answer makes that quite clear.

JAPANESE PEACE TREATY

FAR EASTERN COMMISSION—CANBERRA CONFERENCE—CANADA'S INTERESTS

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I should like to answer a question asked on December 9 by the hon. member for Vancouver South (Mr. Green). Replying to the hon. member, I undertook to see what information could be given the house at this time regarding arrangements for a Japanese peace conference.

There has not as yet been any definite date, site, or procedure fixed for the Japanese peace conference, although all the principal countries concerned appear to be agreed on the desirability of proceeding at an early date with the drafting of a peace treaty for Japan, with a view to the re-establishment of peace in the Far East.

The first proposal for the convening of a Japanese peace conference was made by the United States government on July 11 of this year. It suggested that a conference of representatives of the eleven states, members of Far Eastern Commission, namely Australia, Canada, China, France, India, The Netherlands, New Zealand, the Philippines, the United Kingdom, the United States, and the U.S.S.R., should be convened as soon as practicable to discuss a peace treaty for Japan. Such an eleven-power conference was advocated because it would provide a broad representative basis of participation to include all those nations with a primary interest in Japan. It was the view expressed by the United States government that other states at war with Japan might be given an opportunity to present their views while the peace treaty was being drafted and that after drafting had reached a sufficiently advanced stage it should be considered by a general conference of all the states at war with Japan. It was proposed that decisions at the preliminary eleven-power conference should be adopted by a simple two-thirds majority.

The Canadian government welcomed these proposals made by the United States government and viewed with satisfaction the provision that the eleven powers primarily interested in the settlement with Japan participate fully from the beginning in the preparation of the treaty. Canada noted with approval the suggestion that voting should be by a simple two-thirds majority.

Australia, France, India, The Netherlands, New Zealand, the Philippines, and the United Kingdom also accepted the United States proposal without any important reservations. China and the U.S.S.R. did not agree to the procedure suggested.

The Soviet union took the view that the question of convening a conference for drawing up a peace treaty with Japan should be provisionally examined by the council of foreign ministers, composed of representatives of the United States, Great Britain, the Soviet Union and China only.

Mr. GREEN: France is not included.

Mr. ST. LAURENT: No, France is not included. This counter-proposal was not accepted by the United States government, which pointed out that such discussions as occurred at Potsdam regarding problems of peace in the Far East, in connection with the establishment of the council of foreign ministers, did not make it mandatory to refer to the council matters relating to the peace settlement with Japan. Although the council of foreign ministers was constituted on a basis which would have permitted its use for the preparation of a peace treaty with Japan, provided the members of the council subsequently agreed, the United States government did not believe it appropriate that this matter be referred to the council.

On November 17 the Chinese government proposed that the Japanese peace treaty should be prepared at a conference of the eleven states, members of the Far Eastern Commission, with a voting procedure similar to that employed in the Far Eastern Commission. That is to say, in that body decisions are taken by a majority vote, including the concurring votes of China, the United Kingdom, the United States and the U.S.S.R.

Mr. GREEN: This was the second proposal by China?

Mr. ST. LAURENT: That is the proposal of China, the only difference being with respect to voting procedure. The United States had proposed that it be a two-thirds majority, regardless of the status of the voting power. China proposed that it be a majority which would include the concurring votes of those four big powers.

Mr. GREEN: That meant a veto.

Mr. ST. LAURENT: Yes. In replying to this proposal on November 27 the Soviet foreign minister, Mr. Molotov, proposed that "there be convened in January, 1948, a special session of the council of foreign ministers, comprising the representatives of China, the United States of America, the U.S.S.R. and the United Kingdom, for the consideration of the question of the preparation of a peace settlement for Japan." It was proposed that, if the Chinese government were agreeable, this session of the council of foreign ministers might be convened in China.

On December 12 the United Kingdom government sent notes to the Chinese and Soviet governments commenting on their proposals for the Japanese peace conference.

The United Kingdom government considered that all the countries which are specially concerned in the settlement with Japan, by reason of their contributions to the defeat of Japan, the degree to which they suffered from Japanese aggression, and their vital interest in the future peaceful development of the Pacific areas, are entitled to be represented as principal parties in that settlement, and that their exclusion would prejudice the efficacy of a settlement in which they have the right to be consulted at every stage.

The United Kingdom government believed that in the light of the experience which has been gained, both in the discussions of other peace settlements and in the far eastern commission, the adoption of a voting procedure which would confer the right of veto on the four major powers would be likely to retard the conclusion of an early settlement in the far east and would not provide equitable representation of the interests of all the principal combatants. It could not, therefore, accept the proposals advanced by the Chinese government for the procedure to be followed at the Japanese peace conference.

The United Kingdom government also reiterated its view that there is nothing in the protocol of the proceedings of the Berlin conference of 1945, which established the council of foreign ministers, which makes obligatory

the use of the procedure of that body, as suggested by the U.S.S.R., for the consideration of the peace settlement with Japan.

The views of the Canadian government with respect to the procedure to be followed in the preparation of the Japanese peace treaty remain the same as those communicated in the reply to the original United States proposal of July 11. It is the hope of the Canadian government that the other powers concerned will agree that the procedure outlined in the United States proposal is the one which would be most conducive to the conclusion of an early and equitable settlement in the far east. It is also our hope that the convening of a conference on this basis will not be long delayed.

When parliament reassembles after the Christmas recess we shall no doubt have an opportunity to hear a report from the Minister of National Defence (Mr. Claxton) on the conference of representatives of governments of the British commonwealth of nations which was convened in Canberra at the end of August to discuss in a preliminary and confidential way some of the problems of the Japanese peace conference. I trust that there will also be opportunity for discussion of some of the substantive questions relating to the Japanese peace settlement and Canada's interests therein.

Mr. GREEN: Have all the members of the commonwealth taken the same stand with regard to the Chinese and Russian proposals?

Mr. ST. LAURENT: I speak subject to correction, but my understanding is that that is the view, at least of all those represented at the Canberra conference.

EXCISE TAXES

QUESTION AS TO REPRESENTATIONS OF INDUSTRIALISTS OR TRADE UNIONS

On the orders of the day:

Mr. J. O. PROBE (Regina City): Does the Minister of Reconstruction and Supply propose to invite representatives of the trade unions to the discussions which he is holding with industrialists in connection with the new excise taxes?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I can assure my hon. friend that I am having no discussions with industrialists about excise taxes.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, may I ask the Minister of Reconstruction and Supply what information he has received from industrialists or trade unions to show that the effects of the new excise taxes will be to cause lay-offs and unemployment in certain mass production industries?

Mr. HOWE: I have been questioned as to whether that would be likely and I have stated that to the best of my knowledge and belief it would not be the effect.

WHEAT

REPORTED SALE BY AUSTRALIA TO UNITED KINGDOM AT $2.72

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Yesterday I directed a question to the government which was answered by the Secretary of State for External Affairs. It had to do with the reported sale of a large amount of wheat by Australia to the United Kingdom at a figure said to be $2.72 a bushel. The minister indicated that he would inquire to ascertain if the government had any official information bearing upon the matter and he promised to give an answer either last night or today. Has the government any further information with regard to the details of that sale?

Right Hon. L. ST. LAURENT (Secretary of State for External Affairs): No official information has been received. The only information I have is that which I have gathered from the dispatches in the press.

MANUFACTURED GOODS

PERMISSION TO IMPORT FOR EXPANSION OF CANADIAN INDUSTRY

On the orders of the day:

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I should like to dircet a question to the Minister of Reconstruction and Supply, a copy of which I have sent to his office. Will the minister say to what extent the government will permit entry into Canada of manufactured goods in order to expand the development of Canadian industry and make it self-sustaining?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The question is far too broadly worded to permit a reply on the orders of the day. It would depend entirely upon what industry, what machinery and what manufactured goods were being considered, each of which would call for particular study.

EDMOND TURCOTTE

APPOINTMENT AS CANADIAN CONSUL IN CHICAGO —REFERENCE TO ANSWER TO QUESTION ON DECEMBER 18

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Secretary of State for External Affairs. On

page 435 of *Hansard* of yesterday is reported the answer to a question which was propounded by the hon. member for Lake Centre (Mr. Diefenbaker), the answer being given in the name of the minister. The hon. member asked what representations had been made to the minister or to officials of the department by the ambassador of the United States of America or by any other officials of that government with respect to the appointment of Mr. Turcotte as consul at Chicago. The answer with respect to the representations was simply this:

However, Mr. Atherton did make a personal and unofficial visit to the department on October 28 for the purpose of inquiring about the appointment of Mr. Turcotte.

I should like the minister to answer the question propounded and tell us what representations, official or unofficial, were actually made by the ambassador or any other official. "Inquiring" is a delightful term to use in answering a question, but it does not convey very much information about what no doubt the hon. member had in mind.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): There were no official representations made by the ambassador or any other official. I understand that there was a conversation between the ambassador and one of the officers of the Department of External Affairs, but it was of a confidential character and I am not in position to say what views were exchanged between them.

Mr. GRAYDON: Was the ambassador satisfied with the appointment?

Mr. ST. LAURENT: I am afraid the hon. member will have to address his question to the ambassador.

POTATOES

REQUEST FOR REFRIGERATOR CARS IN PRINCE EDWARD ISLAND

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I rise to a question of privilege. As reported on page 274 of *Hansard*, I directed a question to the Minister of Transport to which he made a rather indefinite answer. I base my question of privilege upon what the minister said, which was as follows:

The trouble with my hon. friend is that he has been so busy in the last few days he has been unable to see what use has been made of the cars. Perhaps after what we have learned or seen on the island recently my hon. friend will hold his peace for a while.

I have received a great many telegrams and letters with reference to this matter and I should like to read part of one of them.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I asked the hon. member to state his question of privilege.

Mr. McLURE: The minister was reflecting upon the knowledge I had of the situation and I want to produce this telegram to show that his knowledge of the reefer car situation was not correct. If you will permit me just this one item.

Some hon. MEMBERS: No.

Mr. SPEAKER: The hon. member has stated his question of privilege and I think he should be satisfied.

Mr. McLURE: My question is this. Dealers who booked certified seed orders in the summer and fall are not receiving sufficient cars to transport their seed potatoes to the southern states, and consequently they are losing out on their orders.

Mr. SPEAKER: Order. The hon. gentleman cannot make a statement in raising a question of privilege.

Mr. McLURE: My question is, when will the Minister of Transport have these refrigerator cars ready for the shipment of these potatoes?

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I think I should be allowed a word in answer to what the hon. gentleman has said because he has raised neither a point of order nor a question of privilege but has simply attempted to make a speech. Let me tell the hon. gentleman that I am aware of the conditions on the island with reference to refrigerator cars. I know that the position at this moment as well as in other years at this season of the year is tight with reference to refrigerator cars. At the last report, which was December 17, there were some 231 refrigerator cars on the island when about seventy-five can be loaded and unloaded. Hence the position today, having reference to the time of the year, is better than it has been for a very long time.

FOREIGN EXCHANGE CONSERVATION

INQUIRY AS TO INCREASED PRODUCTION OF STEEL

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the Minister of Reconstruction and Supply in

his new capacity of economic regulator in Canada. Has he estimated to what extent steel production in Canada will have to be increased in order to meet the new program, and what facilities there are for increasing our production?

Right Hon. C. D. HOWE (Minister of Reconstruction): Canada today is producing about 3,000,000 tons of basic steel per annum. Present-day requirements are about 4,000,000 tons. Canada has sufficient finishing capacity for the steel that can be produced in Canada. Consideration is being given to inducing our manufacturers to provide more basic steel. Conversations are proceeding on that subject but no conclusion has yet been arrived at.

AGRICULTURAL PRODUCTS ACT

CONTINUATION IN FORCE UNTIL MARCH 31, 1948

The house resumed, from Thursday, December 18, consideration of the motion of Mr. Ilsley for an address to His Excellency the Governor General praying that the Agricultural Products Act be continued in force until the 31st day of March, 1948.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, in rising to speak in this debate at this time it is not my intention to take up the time of the house by repeating any of the arguments put forward by the advocates of the farmers' case so far in the debate, but I think I would be remiss in my duty if I failed to take this opportunity to bring to the attention of the house and particularly of the minister the desperate position of the poultry industry in my riding owing to rising feed prices.

We have in my riding a growing poultry industry, in which several hundred people have made their living in recent years. At the present time that industry is in a serious position. I shall not take up time by talking generalities but will give some concrete facts to prove my statement.

Feed is the major cost in poultry farm operations, and that is the problem which is facing our producers at this time. I have in my hand a statement prepared by the Chilliwack Central Co-operative Association, which gives the average cost of feeds in British Columbia prior to the recent increase and since. Those prices are referred to in this table as the old prices and the new prices. I am indebted to the genial and ardent advocate of the farmers' case, the hon. member for Fraser Valley (Mr. Cruickshank), for this table. While it was prepared by a co-operative organization in his constituency, I can assure hon. members that the figures are

[Mr. Gillis.]

applicable to British Columbia as a whole. In this table, fourteen commodities are dealt with, and the old and new prices and the percentage increases given. The table is as follows:

Cost of feeds to farmers compared with old and new prices from January 1, 1947 to November 18, 1947, per ton

Commodities	Old Prices	New Prices	Increase Per cent
Bran	$28.00	$38.00	35·71
Shorts	29.00	39.00	34·48
Wheat	32.00	53.00	65·62
Barley	31.00	54.00	74·19
Oats	35.00	53.00	51·43
16 per cent dairy	37.00	52.00	40·54
32 per cent dairy supp...	55.00	94.00	70·90
Lay mash	48.00	65.00	35·41
Hatching mash	55.00	69.00	25·44
Growing mash	48.00	67.00	39·58
Hog starter	45.00	65.00	44·44
Hog grower	43.00	63.00	46·51
Hog finisher	43.00	61.00	41·80
Turkey mash 21 per cent	50.00	75.00	50·00
	$579.00	$848.00	656·05

Increase on 14 commodities 46·5 per cent.

Taking the average of all these commodities, Mr. Speaker, we find that the average increase in feed prices for poultry and hogs in British Columbia is 46·5 per cent, and that increase has taken place since the latter part of October. In my constituency there is growing resentment against the milling companies. In view of these figures, I think some control is required of the milling companies at this time. Not only has the average price of poultry and hog feeds increased 46·5 per cent in British Columbia, but there is a noticeable deterioration in the quality. A good many of the farmers, poultry producers and hog producers of my constituency have brought to my attention the poor grades of grain they are receiving. Recently one of these gentlemen sent a sample to be analysed by the Department of Agriculture, postal station "C", Vancouver, British Columbia. The analysis was undertaken by Mr. Cecil Tapp, acting district supervisor. I had some of these sacks in my possession, since tons of this feed is shipped to my district. They are marked "barley", not feed barley. I do not wish to take up the time of the house to read at length, but I desire to read part of this letter to indicate the type of feed grain we are getting at the present time. The letter reads as follows:

We have analysed this sample, and find that it contains approximately 79·2 per cent of barley, 3·5 per cent of wheat, and 1·47 per cent of oats, 15·49 per cent of wild oats, weed seeds classed as other weed seeds 0·31 per cent, and weed seeds classed as injurious 0·03 per cent. I have checked these percentages with the grain

inspection office, and they have advised me that a sample of grain such as this would grade No. 3 feed barley.

I want to point out to the minister that tons and tons of barley of this type are coming into our district not marked "feed barley" but "barley" and I have a sack to prove the statement.

The gentleman goes on in his letter and says:

The sample as submitted does contain wild mustard, hare's ear mustard, stickseed, stinkweed, and Canada thistle, ball mustard, wild oats, and wild buckwheat, but they are present in quantities which are less than are allowed in either No. 3 feed barley or any mixed grains as graded under the Canada Grain Act.

Again I wish to bring to the attention of the minister the fact that this type of feed is being shipped into our district labelled as "barley" and not as "feed barley". Here we have this great increase in price, and without question a deterioration in the quality of the feed grain being shipped. On behalf of my poultry producers and other farmers I would ask the minister to have some check made of the shipments being made by milling companies to the interior of British Columbia.

In addition to the situation of the poultry producers, the livestock producers find themselves in a similar position, although not such an acute one, at this time.

The apple producers of my riding are concerned about the future. They are not feeling the stress of rapid price increases that the poultrymen and the livestock producers are, but they are very much concerned and worried about the future. They are put out about losing the British preferential tariff, and they are concerned about losing, for this year at least, the British market. Our apple producers realize that the full prosperity of the apple industry of British Columbia depends upon the British and the European market to a great extent.

In passing, Mr. Speaker, I just want to say I notice that when a relatively few gold producers in this country complain to the government concerning the price of their commodity and claim that they cannot produce profitably there is almost immediate action, and then, when that action is not satisfactory to these relatively few gold producers, further action is taken by this government. Yet we have in this country hundreds of thousands of farmers who are vigorously protesting the present situation under which they are carrying on, and today little action is being taken to remedy their condition. Concluding that portion of what I have to say, Mr. Speaker, so far as this motion is concerned, when this legislation expires I trust that the Minister of Agriculture (Mr. Gardiner) will bring down a national natural products marketing act.

Before taking my seat I wish to bring to the minister's attention something that has been of concern to the apple producing organizations of British Columbia. When it was learned last July and August that we would not be able to sell fruit in the British market, an agitation was started in British Columbia by the Canadian Legion and other organizations, supported by the leading daily newspapers, to send gift apples to Britain. The idea was that you would pay for the box of apples to be sent to Britain, issue your cheque to Tree Fruits Limited, and they would assemble carloads of apples—and there is no question about it there would have been train loads—and forward them to Great Britain. But unfortunately there seemed to have been some misunderstanding in Great Britain in regard to this proposal, and our growers are of the opinion that the Department of Agriculture did little to straighten out the question. I have an extract from the British *Hansard* which I wish to quote. I am sorry I cannot give the page. It was sent from the old country, and I can certify as to the accuracy of this extract. It is as follows:

Mr. Heathcot Amory asked the minister of food whether he is aware that the intention of a number of apple growers in British Columbia to send free gifts of apples for distribution in the United Kingdom was frustrated by the refusal of permission by his department on the grounds that a case of apples exceeds 22 pounds in weight and whether he will take steps to assist rather than discourage such generous offers of help from the dominions.

Mr. Strachey: I do ont know of any offer by British Columbian apple growers to send free gifts of apples for general distribution in this country. The proposal made to my department was that people in Canada should be allowed to send standard cases of approximately 45 pounds of apples as private gifts to friends and relatives in the United Kingdom. The present parcel post weight limit for all parcels is, however, 22 pound gross, and I am not in a position to increase this limit, which is set by the postal authorities. If the British Columbian apple growers would send the apples here in bulk we would be most willing to arrange for their distribution.

Mr. Amory: Is the right hon. gentleman aware that in the reply given by his department to the respective donors it was regretted that no further concession could be made: and does he not think that his department is rather discouraging those prepared to help in this rather practical way?

Mr. Strachey: A concession cannot be made on the weight of parcels, because there is an international convention on parcel post packages; but we should be willing to arrange, if they can be sent here in bulk, for their distribution. I am grateful to the hon. gentleman for giving me an opportunity for saying so.

When the minister speaks I should like him to give some explanation of these arrangements, because in British Columbia there is a feeling amongst the growers that our department was not sufficiently active in making clear to the British authorities what British Columbia people wished to do. I might say that among the apple growers of the interior of British Columbia you find a great desire to assist the British people.

That is all I am going to say this afternoon, except again to repeat that the farmers whom I represent trust that when this legislation expires the minister will see fit to introduce a national natural products marketing bill in the House of Commons.

Right Hon. J. G. GARDINER (Minister of Agriculture): The resolution which is before the house, moved by the Minister of Justice (Mr. Ilsley) is one which has to do with a matter which was discussed very fully at the time the act was before the house in May of this year. Therefore I do not think it is necessary to enter into a discussion of the terms of the legislation other than to say that the title of the act fairly well indicates what it concerns, an act to provide for the sale and export of agricultural products. When I say that the greater part of the surplus of our agricultural products is sent to Great Britain under contract, it will be understood that this legislation has to do largely with the contracts which we have had with Britain from 1939 down to the present.

When we passed this legislation in the spring it was anticipated that this house would probably not meet until after December 31 and, therefore, that the legislation would continue on the statute books until March 31 without further discussion. In view of the fact that, as was announced yesterday, it will be necessary to continue the marketing contracts beyond March 31, there is little doubt that it will be found necessary in the second part of this session to bring this matter again before the house for discussion. In other words, I think, to those who have taken the postion, in the light of the announcement made yesterday, that this legislation would not take care of the entire time that will be covered by the contracts, it will be evident that it will be necessary to have a further discussion later on.

So this afternoon it is not my intention to deal at any great length with the criticisms which have been made, based upon the fact that the price ceilings were taken off feed grain on October 21 last. It will be understood by hon. members on all sides of the house that I have heard those criticisms. I have had them sent to me by wire and by letter. I have heard them from persons individually and collectively across the country. The reason why I say "collectively" is that, since these announcements were made, I have addressed public meetings in five of the nine provinces in Canada and have dealt at some length with the condition which has existed following the removal of those controls. So I feel that I am thoroughly well informed as to what the position is, as to what farmers think and, to an extent, what business people think with regard to the matter. I think it is important that we should have the debate eventually on quite a different plain from that which is associated with this one incident; but in view of all the remarks that have been made, I am afraid that I cannot entirely dissociate it from statements made with regard to the matter. For example, it has been said both in the house and outside, that the farmers have been extremely angry. It has been said, too, that farmers have been disposing of young pigs at very low prices. It has been said also that farmers or others have slaughtered young pigs.

One can understand that in a country in which we have 750,000 farmers, there would be a certain amount of that going on under any conditions which exist and particularly under conditions where the supplies of feed do not entirely meet the demands for feed. I am sure, Mr. Speaker, that you will agree with me that very few of us who have had any experience with farmers know many farmers who raise young pigs for sale. I was born on a farm in Canada; I have lived on one for the greater part of my life; and when I have not been living on one, I have been more closely associated with farmers and have met more of them than anyone could while he was living on a farm. Yet having regard to persons who spend their time or any part of it in raising young pigs to be sold to someone else, I could not name enough of them whom I actually know to take up the fingers of my two hands. So I do not know just why we should spend so much time in talking about such a small percentage of those who are engaged in the raising of hogs. I would say that ninety per cent, or close to ninety per cent, of all the hogs in Canada that go on to the market come from farms on which the farmers breed sows and produce their own pigs. It is true that there are some people who go out from the village and buy a pig in order to feed it and have it for pork in the winter time; and there are also the occasional farmers who have poor luck with their own breeding and who attempt to buy a few pigs from others. But all this talk about pigs being slaughtered does not mean nearly as

much as has been suggested in this debate. More particularly would that appear to be the case when one finds advertisements like this run in the press. This is taken from the Parkhill *Gazette* of December 11, 1947, very close to the point where the story originates which tells about the farmer who stops his truck with a few little pigs in it and gets more. Here is the advertisement:

Wanted to purchase: six chunks of pigs two months old or older. Parry Thompson, R.R. 8 Parkhill.

This man apparently requires to advertise in order to find young pigs to feed upon his farm.

Mr. ROWE: He evidently had not heard about that.

Mr. GARDINER: Then, in regard to this statement that farmers have been extremely angry and mad, which statement I think was made by the leader of the official opposition—

Mr. JACKMAN: One swallow does not make a summer.

Mr. GARDINER: —I can quite understand that any farmer who is foolish enough, in the mind of the leader of the Conservative party, to vote Liberal, will be looked upon as being mad; and probably any one who would vote any way but Conservative might be looked upon by him as being mad.

Mr. JACKMAN: Hear, hear.

Mr. GARDINER: The last of these public meetings which I held in relation to this grain matter was held in the city of Charlottetown, and I was speaking to an audience of farmers in a province whose population is made up mostly of farmers. When I went there I had not intended to speak on feed grain at all, but when I picked up the local paper I found that the whole front page of it was covered with stories taken from farmers, in preparation for an election that was then under way in the province. There was an editorial on the question, and it was demanded that I should discuss feed grain. I had arranged months before to go to Prince Edward Island and had not expected that there would be an election when I got there; but I found myself in the middle of one.

An hon. MEMBER: That was tough.

Mr. GARDINER: The other night we were told by the hon. member for Melfort (Mr. Wright) that he, during that campaign, addressed a public meeting in connection with the campaign, and from newspaper reports I would judge he made almost exactly the same speech there as the one he made in this house. But, Mr. Speaker, in spite of the fact that my speech was not in any sense a political speech—

Some hon. MEMBERS: Oh, oh.

Mr. GARDINER: —and in spite of the fact that they said the main issue in the campaign was feed grain, when the election was all over, there were four fewer Conservatives elected than were there before, and all the C.C.F. candidates lost their deposits. That being the case, I hope the farmers will get madder in the future than they have been in the past and will vote in a manner similar to that in which they voted in Prince Edward Island. It does not appear that they are angry with the Liberals.

I tried to suggest in the beginning that there are at least two groups of farmers in Canada. There is a very small group who occasionally sell or purchase young pigs in order to carry on their production of hogs. There is also the very large group, probably ninety per cent of the farmers, who raise their own hogs. I do not very often place on record a letter written by someone else, but so many letters from western Canada have been placed upon the record to try to give the impression that people in the west think in such a way that I want to put on record one letter which I believe indicates the feeling of many farmers in regard to this question. The letter is from a gentleman who was visiting farmers, following the removal of ceilings on feed grain, to get reactions, and, in part, is as follows:

This week I called on a farmer who with his two sons farms a section and a half in Manitoba. He has produced pigs through thick and thin and was recommended to me as a man who could tell me something useful on costs of hog production.

I would like the hon. member for Selkirk (Mr. Bryce), who is not here this afternoon, to read this carefully, because this man does not live very far from the man he was talking about yesterday when he built up the costs of producing hogs to a price where it would be absolutely impossible for anyone to produce them and make a profit, no matter what the price of grain. Here is what this man says:

He has complete records of his hog marketings, and all grades, from January, 1941, to date. His record was most interesting. For six years, 1941 through 1946, he sold 661 hogs, all farrowed and raised on his own farm, with a percentage of 51·9 grade A and some 86 per cent grade A and B-1. In 1946 he sold 133 head with a percentage of 59·4 grade A.

Here is the important thing.

Late in 1945 he decided to improve his feeding methods and started in 1946 to buy every pound of feed used for hogs, ready mixed at the

mill according to ages for suitable mixes. He has complete records of his feed costs for 1946, also his sales. They balance up this way.

I submit to the house that this simple method of bookkeeping is the method followed by ninety per cent of the farmers of this country.

Total hog sales, $4,426.52. Total feed costs, $1,966.10. Margin of hog sales over feed, $2,460.42.

That is taken right off his books, from the records he has kept. Then this gentleman goes on to say:

I asked him whether the recent decontrol of feed grains, removal of subsidies on barley and oats, and the recently increased prices would alter his proposed hog program. Might say he now has over 100 pigs of all ages on the farm and nine more litters to farrow before the end of January. His reply was to the effect that the above changes had raised the price of his feed about $20 per ton—

I think that compares very favourably with what has been said in this house up to the present time concerning increased grain costs.

—which would take a lot of hog dollars to make up. But he said—

And I commend this to the house because, judging from the meetings I had in five provinces, in the period between the meeting of this parliament and the time these controls were taken off, it seems to me this man is expressing the point of view of most farmers.

—"In the last few years I have been badly worried several times before"—

I suppose the propaganda that has gone out from this house or elsewhere brought on the worry.

An hon. MEMBER: Or the actions of the minister.

Mr. GARDINER: You will hear more about that in a few minutes.

"—over prospects, but always have ended up much better than I expected."

That is the experience farmers have been having for the last six years, and it is the sort of experience that is governing the actions of this man looking to the future. What does he say about it?

"Guess I will just go on with my program this time and trust to God and Gardiner that things will come out better than they appear right now."

An hon. MEMBER: Did you dictate that letter?

Mr. GARDINER: No, I did not. I do not know either of the gentlemen, as a matter of fact, but they thought it was worth sending in.

Mr. FRASER: What did he want?

[Mr. Gardiner.]

Mr. GARDINER: I will tell you what he wanted. He wanted to convey to the people of Canada that a lot of people are talking through their hats with regard to agricultural matters in this country; and I think he had a notion that most of them are sitting on the other side of the house.

Mr. ZAPLITNY: Is the writer of this letter in the hog business himself, or is he writing about another farmer? I did not get that clearly.

Mr. GARDINER: This is from a man who was out in the country visiting farmers, and the farmer made these statements.

Mr. ZAPLITNY: Is he in the hog business?

Mr. GARDINER: He is in the hog business himself, just like a lot of the fellows who are going around peddling these other stories; but he tells quite a different story from some of the others we have heard.

Mr. FRASER: Is he one of your western agents?

Mr. GARDINER: He is not my agent at all.

Having said these things, Mr. Speaker, for a few moments I should like to deal with the question from an entirely different angle. We have been signing contracts with Great Britain since 1939, and I believe one or two things ought to be said at this stage in regard to the signing of those contracts, because I do not want to take all the credit that has been given me for the good policy which has been set up. The minister who went to Britain in 1939 to negotiate the first contract was not the Minister of Agriculture; it was Hon. T. A. Crerar, who is now a member of the senate. I think it is worth remembering that the first contract was negotiated by a group of which he was the leader. At the same time I should say that officials from my own department accompanied him to Britain and provided him with much of the information which was utilized in drawing up that agreement.

The first agreement was reached in 1939; the others followed from time to time. The last one we brought in was the wheat agreement. Many people have suggested that there has not been and is not any relationship between the wheat agreement and the agreements which have been made for other food products; that the wheat agreement was an afterthought. Well, Mr. Speaker, I should like to say to you what is known to every member of the government and to everyone outside the government who has been associated with these discussions. There has always been the closest check made on the relationship between wheat and feed grains, and between feed grains and products fed from feed grains, when all these contracts were being negotiated or re-negotiated at any time over the whole period.

On many occasions when discussing the matter in the house I have referred to that relationship. However, one question has been raised recently to which I wish to refer somewhat more specifically than I have to the matter just mentioned. I should like to ask a question, and then attempt to answer it, as to whether at the present time there is any world price for wheat. If so, what is that world price?

Entering upon the discussion of that question, I should like to deal with what is being done in four countries, namely the United States, Canada, Australia and the Argentine. I take those four countries because they are the four outstanding exporters of wheat and, therefore, are more concerned with the question than any others, with the exception of the consumers.

The American system of handling the marketing of farm products was brought into being for the purpose of establishing a high standard of living among the farmers of the United States. That was their objective and it was brought in before the war. That objective was continued through the war. The policy they have followed was emphasized at the food conference at Copenhagen, in the same speech that was quoted in another debate in the house by the leader of the C.C.F. group when he made certain observations regarding speculative buying and selling of food products throughout the world.

Speaking at Copenhagen on September 5, 1946, the late ex-mayor LaGuardia of New York city said this:

I want to be very frank with you. No matter what this conference does we are not going to let the American farmer down. We want to bring the standard of the farmers of other countries up, and we refuse to bring the standard of our farmers down. You can applaud now—

There was great applause of that statement in the conference.

—but you may not get applause on that one when you go home.

And there is not any doubt about what was in the minds of those who were present at that conference when this statement was made. There certainly was no doubt in the minds of those who had the privilege of discussing it the night before.

There has been a policy followed in the United States of trying to raise the standard of living among the farmers, and among others, by keeping their market pretty much for their own people. I am not going to enter into any criticism of that this afternoon; I merely state the facts. Under the system which they have followed since 1938 they guarantee the farmer ninety per cent of parity. My understanding is that Mr. Truman says that policy will continue down to December 31, 1948. As every hon. member from western Canada will recall, that, before the war, after having provided for a certain standard of living for their own people, in a country where eighty per cent of the product is consumed at home, the United States maintained this position in relation to wheat by placing wheat on what is sometimes called a free and open market, at a price which made it necessary for our farmers, among others, to sell their wheat at prices under fifty cents a bushel. In short, to maintain a price, the surplus was sacrificed.

That is one way in which a policy of that kind can be made to operate, and has been made to operate, perhaps not under the present government as much as under some other governments they have had in the United States. Since the war, they have maintained their high price level at home by taking food off their own market and supplying it to others at above the parity level. That parity level was $2 a bushel last year; I understand that it is higher now. Ninety per cent of parity was $1.80 a bushel. Others must have the food, and the Americans themselves are supplying much of the purchasing power; so I do not know that any of us can enter any criticism of what is being done. The Americans are taking sufficient food off their own market; much of that food they are giving away; and where they are not giving it away, exactly, they are asking their own people to pay for at least part of the cost of it, or of the return which the farmer will get. That, let me repeat, is a matter for the American government to deal with. However, that is what has been done. This cannot be considered a world price established in a free market. This is an American price established when there is no free market anywhere. It is not a world price.

We in Canada have always been closely allied with the United States. This condition arises partly through choice; and I am sure each one of us would agree that, even if we were not compelled by the fact that we live so close to them, we would desire to be very closely associated with the United States in all our activities. However, this afternoon I am speaking of the effect of our closeness to them upon the question of whether or not there is a world price for wheat.

We are selling our wheat at two different prices. We sell our wheat under the number one price to Great Britain, under agreement at present; but we were selling it to Great Britain, even before there was an agreement, at a price which differed from that at which we were selling it to other people.

Then we have the number two price, which is the price under which wheat is sold to countries outside Great Britain. The number two price is one we are able to charge because of certain conditions, the first of which is that we have sold an average of 150,000,000 bushels a year to Great Britain over a period of four years. So that 150,000,000 bushels is taken care of. That is the first factor which makes it possible for us to ask a price, rather than to go on the market and sell at a price which is offered.

The second reason is that we are able to say it has a higher intrinsic value; and the hon. member for Calgary West (Mr. Smith) referred to that fact last night, when he pointed out that at one time it was acknowledged on the Liverpool market that our Canadian wheat had an intrinsic value of fifty-six cents a bushel more than Australian wheat. He did not say that the farmers of western Canada ever got that fifty-six cents. But it had that greater intrinsic value on the Liverpool market.

The fact that our wheat has a higher intrinsic value than even that of the United States has placed Canadian wheat in every country outside Great Britain in a position where we can ask a price of from ten to twenty cents a bushel more than the American price. We call that price the number two Canadian price. I do not think it is correct for anyone to say that, having made allowance for the fact that our price is from ten to twenty cents above the American price from day to day, the farmers of western Canada are losing $123 million because we have not an open market. That ten to twenty cents a bushel from day to day, or whatever it may be, is an amount much of which we do not receive in the open market. Not only do we not receive that amount in the open market, but in the days of the open market when Chicago was buying and selling grain, when Winnipeg was buying and selling grain, I venture to say that not an hon. member in this house who has been associated with the growing of wheat can recall a time when our wheat was at the same level of price in Winnipeg as the level of price on the Chicago market. I am not saying that there never was such a time, because probably if one searched the records he might find days now and then when that was true, but generally speaking—

An hon. MEMBER: Very few of them.

[Mr. Gardiner.]

Mr. GARDINER: —it would be seldom, if ever. He would be more likely to find that the difference in price between Winnipeg and Chicago was very close to the amount of the duty which was forty-two cents a bushel, that it seldom got to a closer margin than twenty-one cents, although it might have run along for a short period of time at ten or fifteen cents. There was always a wide margin between Chicago and Winnipeg. In other words, it is wrong to suppose that, if the market were open, we in Canada could market our wheat at seventy-seven cents or eighty cents or sixty-three cents a bushel more than it is being sold for at the present time to Great Britain under the contract.

Having said that, may I again ask the question: Is anyone prepared to argue in this house or outside this house that the Canadian price is a world price? I know my hon. friends will say that we called it a world price ourselves. You must have some name for everything and we certainly did say that the price would be called a world price in dealing with the matter. But the price obtained by selling wheat on markets where the real value could be asked rather than offering it and geting only the price which the demand brought is far away from a position which would indicate that we can get a certain return by going on to the free market, or even saying we should demand that price. In any event I think it is correct to say that the number two price is not a world price in the accepted meaning of the term; it is called a world price in our conversations for the sake of convenience. That has been generally understood by all those who have dealt with the matter.

Mr. SMITH (Calgary West): Do I understand by the argument being put forward that there is not now a world price? Surely, if your argument is correct, you must say that there never has been a world price.

Mr. GARDINER: I am saying that there has not been a world price during the last few years.

Mr. SMITH (Calgary West): And there never has been.

Mr. GARDINER: There has been a world price in the sense that people speak of it; that is when you sell it for what you can get in the open market. That is not the position at the present time.

Mr. ROSS (Souris): Would the minister permit a question?

Mr. GARDINER: I have quite a bit of material here and I should like to finish it.

Mr. ROSS (Souris): Could the minister explain how the wheat committee of the cabinet arrived at this price for No. 2 wheat.

Mr. GARDINER: The committee arrived at the price of No. 2 wheat by taking the United States price; then adding to it something to cover the intrinsic value of the wheat as compared with United States wheat, and then adding to that an additional value because of the extra protein content. We thus arrived at a price at which the wheat could be sold, and that price is higher than the United States price.

Mr. SMITH (Calgary West): By United States price you mean the Chicago price?

Mr. GARDINER: The price which has been established from time to time in the United States.

For a few moments I should like to deal with the Australian position because this was brought up last night by the hon. member for Calgary West and I was asked to say something about it. I think it is understood in the house—again I am not being critical—that Australia is an island in the Pacific with no other country except New Zealand close to it. New Zealand is quite small even when compared with Australia, having but 1,700,000 people. As I go along, it will be shown that Australia does help New Zealand with its production program, including farm production. They embarked upon a policy of industrial development by first protecting their own industry and, second, by trying to create a condition under which costs of living were lowered. While I am not going to deal with New Zealand, I would say that the policy is the same in principle in New Zealand.

I have before me a table which has been circulated quite widely in western Canada, and this is only one of many, because I have a ream of them here. I do not know who is circulating them, but from the discussion in the house I would judge it is the C.C.F. party. This set of publications was prepared in New Zealand and the one I am going to refer to was published on April 30, 1947. At the bottom it states that under a subsidy and control policy the money which is left after taxation has been levied provides the purchasing power. They go on to say that certain advantages are obtained under that policy, and they show certain situations which exist.

The figures given are in New Zealand pence and they give the following comparisons:

Bread, two pound loaf	Pence
New Zealand	5
Australia	5⅜
Great Britain	5¾
Canada	6½
United States	10¼

I am going to deal with only three commodities because they are those we talk about in this house. Some ten or more are given here.

Butter, one pound	Pence
New Zealand	18
Australia	20
Great Britain	22½
Canada	33
United States	59⅛
Beef, one pound	
New Zealand	8¼
Australia	9½
Great Britain	19¾
Canada	32
United States	41¾

As I say, they claim to produce this result through subsidies, controls and taxes which leave purchasing power. With these facts in our minds, let us look for a moment at what is done with wheat.

Mr. COLDWELL: The minister has said that he thinks this was circulated by the C.C.F., but I want to say that I have never seen this table or any of those to which he is referring.

Mr. GARDINER: It is obviously published in the interests of socialism.

The ACTING SPEAKER (Mr. Golding): I am sorry to have to inform the minister that his time has expired.

Some hon. MEMBERS: Go ahead.

Mr. GARDINER: A statement was made in the press yesterday with respect to Australian wheat, although, as was indicated a few moments ago by the Minister of External Affairs (Mr. St. Laurent), we have no official information with regard to the matter, and the figure which did appear in yesterday's press does not agree with the unofficial figure which we had before. But I shall take the lower figure for the purpose of my argument. The statement in yesterday's press said that Britain had purchased 80,000,000 bushels of wheat from Australia at $2.72 a bushel in our money. I had no information before as to the quantity, and I am not at all sure that the quantity mentioned in yesterday's article is correct. The figure mentioned before in regard to the price was a figure I think in excess of $3 a bushel. But for my argument this afternoon I am taking the lower figure mentioned in the press, $2.72 a bushel. The principle is the same.

Australia has contracted to Britain, let us say, at the $2.72 figure. She has contracted to New Zealand at 92¾ cents. That is why I say there is some association in the programs which are put on by the two of them

for the production and sale of food to other countries. Australia is supplying food for home consumption at 79½ cents—79½ cents for home consumption and $2.72 to Britain. Yesterday's article also mentioned a figure of $2.96 a bushel to India. Another article only two days ago said that another contract has been entered into to send Australia's wheat to France, without any figure being mentioned. So that there has been a distribution of wheat to different places. But the principle is a high price for the export wheat and a lower price for the domestic market.

The farmer receives an initial payment of 72½ cents a bushel for wheat in bulk and 80½ cents a bushel for wheat in bags. If the wheat is processed and sold as poultry feed to be fed in Australia it sells for 98½ cents. Other wheat being sold to feeders is sold at 79½ cents, which is the price at which it is supplied to other consumers in Australia. The wheat farmer obtains, in addition to the advance, fifty per cent of anything over 88⅞ cents a bushel received from exports. The remainder is utilized to keep down prices to consumers or for other purposes.

I submit that this is pretty much the policy which has been advocated by the C.C.F. in the house. They probably would not go so far as to say that some of our commodities should be sold at high prices outside this country, although they did say that at an earlier date and published a plan to that effect. But I am sure they would not admit that in the house. Nevertheless it is the policy that is being followed in those countries which have a Labour government at the present time.

The effect of that is this. The farmer who gets 72½ cents for his wheat in bulk gets an additional 84 cents, which brings the return to the farmer to $1.56½, or just one and a half cents more than our farmers have been actually guaranteed on the five-year plan and not nearly as much as we now know they will get on the five-year plan.

I should like to emphasize again that the $2.72 price, or the over $3 price, whichever it may be, cannot properly be considered as a world price for wheat, and certainly it is not a world price for wheat when countries are appealing to farmers for food. It is not the amount of money at which they sell wheat to Britain or the amount of money at which they sell wheat to India or France that makes an appeal, or fails to make an appeal, to the farmer. It is the amount of money the farmer himself gets for his wheat, and the amount he gets for his wheat under this plan is just one and a half cents a bushel more this year—it was not as much last year—than our farmers have been guaranteed up to the moment for a period of five years.

Mr. BURTON: Will the minister not agree that what really counts is what the farmer has left over, after his expenses are paid?

Mr. GARDINER: Certainly, and I am going to deal with that too. But, first, I want to give the position of these four countries in relation to wheat because I think it is pertinent to the discussion.

Now let us look at the Argentine. The Argentine has not what is generally understood as a socialist government. You can apply your own term to it. I am not going to attempt to describe it. But neither has it the system under which we operate in this country.

The Argentine sells wheat to Britain under contract at $3.60 a bushel. They have sold wheat to Brazil under contract at $4.85. They sell wheat to their consumers at home at ninety-seven cents a bushel. It is the same principle that is followed in Australia.

Mr. SMITH (Calgary West): Did they not get over $5?

Mr. GARDINER: On some small sales, but I do not think those were under contract. I am told that wheat is not the grain which is fed in the Argentine, but corn; and in spite of any price that can be obtained for corn outside the Argentine, I am told that it is supplied to their feeders at 32⅘ cents a bushel. What does the farmer receive? The farmer receives, on the first 300 tons of the new crop of wheat—that is the crop for 1947—$1.65½; and on the balance of the new crop, if he has anything over 300 tons, he gets $1.45⅝. If he has any old crop which he has carried over he gets from $1.21⅜ to $1.37½. In addition to these prices, he has a bonus of forty cents for quick delivery; that is, if he delivers before a certain date he gets an extra forty cents. I think it can be truthfully said that this system has the same objective as the Australian system. It is different in that prices are higher, but the system is one designed to sell the surplus of at least one farm product outside their own country at a much higher price than that at which it is supplied to their own people.

Mr. SMITH (Calgary West): What are they going to do about the Geneva agreement?

Mr. GARDINER: I do not know. I think hon. members will agree that this is the old attempt which has been made by countries for generations, going back not only hundreds

but thousands of years, to tax the people of another nation in order that they may be able to do something to the advantage of their own people, and the thing they want to do under this system is to give their people better social services and a lower cost of living than they would otherwise have. I submit, Mr. Speaker, that the only time any country can carry out a system of that kind, and carry it out successfully, is under the conditions under which we are living today, where there are nations all around and about these countries who must be fed or starve, and who must have wheat at any price that anyone asks them for it. In my opinion that is not a world price created on a market where demand and supply works. That is a practice which I am quite sure hon. members would not want the government of this country to take advantage of under present conditions. I believe they would not want us to go out into this country and tell the farmers that we have sold wheat to Britain for $2.72 or $3.60 a bushel and that they at the same time received only $1.55 or $1.56 a bushel for it. I could understand, under these conditions, hon. members rising in their places and attacking the government for not having assisted our old allies, or not having assisted people who are in great need at the present time.

There is no commodity, Mr. Speaker, that serves the purpose of saving people from starvation to the same extent as does wheat. It has been utilized throughout the ages for that purpose, and the very nature of it makes it the most suitable product to be utilized for that purpose. A system of taxing others who are hard pressed to make the path easy for those less tried, whenever it has been applied throughout the ages has, in the long run, brought economic ruin to the people of the country applying it. In this house we have said over and over again that no country can be kept prosperous in the midst of a group of nations that are in a position where their economy has been shattered. Every effort must be made to pull them all back into a position where we can all go along from some point and improve not only our position within the Dominion of Canada but also the position of other countries elsewhere.

I have recited the conditions in the United States in relation to the price of farm products, those in Canada in relation to wheat, those in Australia in relation to wheat and those in the Argentine in relation to wheat. I wish to say, Mr. Speaker, that if there is any world price of wheat today, as related to the farmer, it is $1.56½ in Australia; up to the moment it is $1.55 in Canada, the only difference between us and Australia being that ours can go higher and theirs cannot, and ours will go higher and theirs does not.

Mr. SMITH (Calgary West): In food value ours is worth a good deal more.

Mr. GARDINER: Yes, in food value it is worth more than the others, but I do not know that you can go out at the moment and take the full food value of food from anybody to whom you sell it.

Mr. SMITH (Calgary West): It was fifty-six cents a bushel in 1928.

Mr. GARDINER: That was the food value estimated in Liverpool, but I repeat, I do not think the farmers ever got more than ten cents or thirteen cents at any time because of the intrinsic value of the wheat.

Mr. SMITH (Calgary West): There was a distinction in value to the extent of fifty-six cents.

Mr. GARDINER: Yes. The Argentine farmer gets something less than $1.65 a bushel on the average for his wheat at the present time; but one might say that there is at the present time an established return to farmers over the world outside the United States, in countries where wheat is grown for sale to other countries, of somewhere between $1.50 and $1.60 a bushel. Not only are our farmers getting $1.55 a bushel; not only are they in a position where they will get that as soon as this house passes the legislation, but they know there will be a considerable surplus left after they have received that amount.

Someone has suggested that some attention ought to be paid to some other things; and there is a decided effort on the part of everyone in this house, including myself, to get before the country at the earliest possible day the prices that we shall obtain from some of these other commodities under the British agreement. I am going to give to the house the price that Britain is paying some of these other countries for the same commodities, and then ask hon. members whether our agreements are doing as well for the farmer—I am not speaking of the treasury—as are the agreements which have been reached in other countries. The following statement shows the prices provided for in the United Kingdom 1946-47 agreement; and this holds good, so far as Australia is concerned for 1948, together with comparable prices in the United King-

dom-Canadian beef agreement for 1947. It also gives the figures which they arranged for at the same time for New Zealand.

Australia

Steers and Heifers Good average quality:	
Hinds	$11.46
Fronts	7.56
Steers and Heifers Fair average quality:	
Hinds	10.57
Fronts	6.93
Cows—Good average quality:	
Hinds	10.45
Fronts	6.93
Cows—Fair average quality:	
Hinds	9.82
Fronts	6.30

New Zealand

Steers and Heifers Good average quality:	
Hinds	$12.64
Fronts	7.40
Steers and Heifers Fair average quality:	
Hinds	9.93
Fronts	7.22
Cows—Good average quality:	
Hinds	9.39
Fronts	7.04
Cows—Fair average quality:	
Hinds	8.85
Fronts	6.50

Canada

Choice steers and heifers:	
Hinds	29.25
Fronts	19.25
Good steers and heifers:	
Hinds	28.50
Fronts	18.25
Medium steers and heifers:	
Hinds	25.85
Fronts	16.60
Good Cows:	
Hinds	23.65
Fronts	15.20

At $29.25 for hind quarters we are receiving $4 or $5 more than double what the New Zealanders are getting and between $6 and $7 more than double what the Australians are getting for hind quarters, and the difference is just as great in connection with front quarters.

Mr. BRYCE: May I ask the minister this question? The figures given are packers' prices, are they not, and not the farmer's price?

Mr. GARDINER: These prices are on exactly the same basis as that at which the product is being delivered to the British under the contracts with New Zealand and Australia.

Mr. BRYCE: The packers, not the farmers.

Mr. GARDINER: I gave the price that was related to the farmers' price, the price that is charged for beef, a few moments ago when my hon. friend was not in his seat. He will read it in *Hansard* tomorrow.

May I now deal with butter? I have not the cheese contract here, although it compares with the prices that are given here for butter. I have a letter written by Mr. Strachey to the minister in Australia with whom he made arrangements. This is the table with regard to butter: Creamery choicest 93 points and over 173s. 6d. a hundredweight, or 34·96 cents a pound. One can go on down through the list, but I do not think it is necessary to do so. I said that I had not the figures for cheese, but I have them here in the same letter: choicest and first grade, 90 points and over, 101 shillings and no pence; that is, 20·35 cents. Our price for cheese at the present time, under our present contract, is 25 cents. In addition to that, we pay a premium.

Mr. COLDWELL: Is that on the basis of 112 pounds?

Mr. GARDINER: I presume it is. It is figured down to pounds.

Mr. COLDWELL: The thing that puzzled me was the figure of 20·3 cents. Was that the figure given?

Mr. GARDINER: It was 20·35 cents.

Mr. COLDWELL: There is something wrong with either the exchange or the weights, but I am not sure which.

Mr. GARDINER: I presume our 112 will be their hundredweight.

Mr. COLDWELL: A shilling is about twenty cents.

Mr. GARDINER: These are the figures that are worked out by the statisticians and were given to me just before I came into the house:

The position in relation to eggs in the Australian-British agreement is as follows:

The contract runs until June 30, 1949, and provides for the following annual supplies. Prices mentioned have been reckoned in Canadian currency.

Eggs in shell: One million cases of 30 dozens at an average price of about 33·5c. per doz., f.o.b. Australian ports.

Frozen eggs: Up to 30 million pounds at about 24·2c. per pound.

Dried sugared egg powder: (33 per cent sugar in finished product). Up to six million pounds at about 80·4c. per pound.

Whole egg powder: Up to one million pounds at about $1.17 per pound.

The latest estimate of the quantity of eggs that will, likely, be shipped from Australia to Britain during the year ending June 30, 1948, is:

Eggs in shell: about 500,000 cases; Frozen eggs: about 25,000,000 pounds; Dried, sugared egg powder: about 2,000,000 pounds.

The freight from Sydney to London on shell eggs is about 56·4c. for ten dozens of eggs, or about $1.69 per case of 30 dozens.

Those are the prices as related to the prices which we have been obtaining.

What I want to say with regard to that is this, Mr. Speaker. When we are talking about the price of wheat in the British contract, as it has been discussed in this country, we are speaking about a price which has been charged by the government of that country under a system under which they operate, and which I am not going to criticize. Under the system which they operated wheat has been delivered to the British at that price. It has been delivered to other countries at different prices. Then, as a result of carrying out that policy and paying part of the returns back to the farmers, other policies can be carried out which result in a lower cost of living in, let us say, Argentina, in order to get away from any part of the empire, because their margin in these matters is even wider than it is in Australia. They keep down their costs in their own country by that method and they may even improve their social services by that method. But what I should like to ask hon. members to consider is this. Do they not think a system of that kind is taxing the wheat farmer to a much greater extent than any system we have had in this country is taxing any section of the farmers? And it is taxing them, not only for the purpose of assisting other people in the Argentine, but also for the purpose of making conditions perhaps a little better in some respects for other farmers, in that they can obtain lower-cost feed under that system than under the other.

I say this, Mr. Speaker, in order to emphasize the fact that the British are going to sign contracts with Canada for beef at prices even higher than those which I have been giving to this house and with wider margins over prices of Australian beef. I would like to give the figures for the Argentine, but they have not been made public. However my officials have estimated from information available that they would be approximately as follows:

Argentine

Estimated prices, f.o.b. Buenos Aires, established for provision of meat to British Ministry of Food, 1946-47

	Per 100 pounds (Canadian currency)
Beef	
With bone	$ 9.13
Chilled—with bone	8.26
"B" frozen—with bone	7.68
Mutton	
Frozen lamb	13.19
Corned beef—per doz. 12-oz. tins	1.96

The same thing is true in principle and to a much larger extent than one might think with regard to the same products that are purchased under contract from the Argentine.

In other words, what we have discussed and what we have succeeded in bringing out is a realization of the fact that the policies which are followed in some countries where high prices for wheat are being charged outside their own country and the policies being followed in this country are entirely different. Without being critical at all of the efforts of others, I would say that our effort has been to supply food to other countries at prices which we believe they can find the wherewithal to pay for it at the moment and which at the same time give a reasonable return to our own farmers in Canada and make it possible for us to carry on a standard in connection with price levels in other directions which is quite different from that being followed in any of the other countries mentioned.

So I would suggest that we should not lose any considerable time in having this resolution passed. By the time we come back here we shall have had at least one month's experience under the new agreements, and by the time March 31 arrives we shall have had three months' experience. Then as I said yesterday, and as I repeated again today, it will be necessary for us to come back to this house and to suggest to hon. members that we should be provided with authority to continue these agreements right through 1948. The British government is prepared to sign them to cover 1948. It is also prepared to give us in writing the undertaking which was given by word of mouth with regard to 1949, which will carry the food contracts in relation to these four commodities right through until close to the end of the wheat contract, with a position

established where the amount which our farmers are receiving for wheat is similar to that which is being received in the other great exporting countries. By that time I think we should be in a position to show that the legislation ought to be continued even beyond March 31.

But I would hope that hon. members would do that for another reason. It has been said here over and over again during this session that we are living in a new world. I do not think any of us will deny that. Probably we have not made up our minds as to whether or not it is a better world, but we are at least living in a new one. I hope it is not one which will divide itself into an eastern and a western hemisphere.

When one looks at a map of the world or studies its statistics to find its population or resources, and divides them as between the two, on such lines one must conclude that there can be only one ultimate result from such a mistaken policy. When one looks at that great mass of land known as Eurasia and the other areas which are closely associated with it in the eastern hemisphere, then takes a look at this continent and the continent to the south of us, of both of which we are so proud, and compares their possibilities for the future, one must come to the conclusion that there can be only one bright future for North America and South America, and that is a future in which we are living at peace with the great masses of people who live in the eastern hemisphere; and not only living at peace with them, but in association with them on an economic level which will make it possible for us to trade with one another and to trade in peace. The future peace of the world will be established and maintained, in my opinion, only through the further development of a group of independent nations with a common purpose such as that which has been unfolding itself in the British commonwealth of nations.

Up to the present time the British commonwealth of nations has paid no attention to continental boundaries, or to oceans, or to hemispheres. The British way of life has found its way to the islands of the seas, over all the continents; and by the fact that its influence has been felt over the whole world it has maintained the most hopeful contacts among the peoples of the world for the establishment of permanent peace that have been set up by any organization ever brought forth by mankind upon the face of the earth.

That being the case, as far as I am concerned and, I think, as far as the membership of this house is concerned, anything which would tend to strengthen the association the Dominion of Canada has with the centre of that empire, or commonwealth of nations if you like to call it that, is not only for the good of this country and for the good of Britain; it is for the good of the world. When I say that I am not thinking in terms of manpower alone. I do not think anything should divide this world into two great camps, whether it is the idea that one is stronger than the other in manpower and resources, or whether it is the idea that one can wield greater influence through a medium of exchange. This world must go forward from this point in a common effort put forth on the part of all of us to live together, to work together and to help one another, instead of thinking in terms of something which places one of us at a disadvantage over the other. If we do that through agreements such as we have made with Britain, bilateral or multilateral, we are helping in the greatest battle ever waged by mankind to establish permanently in the world a condition of peace.

When I think of the 40,000 young men from this country who gave their lives in the last war and the 60,000 who gave their lives in the first war, and someone starts to talk to me about exchange, or about the value of dollars, I want to say that those young men from Canada who gave their lives fighting in Europe did not go there with the idea that anybody would be wielding the big stick over anybody else. One of those human lives is worth more than any balance of exchange that could be brought about.

We in this world must go forward, thinking in terms of things bigger than that. If we do not we are going to be back, as this house has been warned two or three times this session, where we were not so long ago. So I suggest to hon. members that we put through this resolution; that we go on from here, and when we return a month hence we shall be in a much better position to determine what we ought to do and whom we ought to be thinking about than we are at the present moment.

Mr. J. A. ROSS (Souris): Mr. Speaker, I do not intend to delay the house very long, but I do want to say that having followed the Minister of Agriculture (Mr. Gardiner) very closely during the last hour and a quarter I am disappointed—

Mr. BRADETTE: We would not expect anything else.

Mr. ROSS (Souris): When I can get a little attention, Mr. Speaker, I shall continue.

Mr. MACKENZIE: Go on.

Mr. ROSS (Souris): I read very carefully the short statement made by the minister yesterday following the statement of the Prime Minister (Mr. Mackenzie King) but I was unable to find in those statements anything which would give a lead to the agricultural producers of this country. I want to compliment the minister on the very fine and uplifting words with which he concluded his discourse this afternoon. With those remarks we will all agree; but at the same time I do not think he or the government of which he is a member can expect the producers of this country to carry out a proper plan of production without a greater lead as to what they may expect for their efforts in the approaching months.

In his remarks yesterday, at page 426 of *Hansard*, the minister said:

> Feed grain prices have a relationship to the wheat price and the increase to the present feed grain prices have had an effect upon the cost of producing other commodities. These are facts which will have to be taken into consideration in setting a new price for food products upon which the agreement is to be made. These food products are bacon, beef, cheese and eggs. The contracts will carry throughout the year and there are certain understandings with regard to matters in the future.

I want to repeat what has been said already from all corners of this house, that there is great dissatisfaction among the producers throughout this nation, despite the letter read by the minister this afternoon and the arguments he presented. There are many angry and frustrated farmers from coast to coast. They are not going to be in a position, as a result of the statement of the minister this afternoon, to go ahead and produce as we would like to have them produce in order to fulfil these contracts. I have no idea what will be the prices for these commodities, which are to be announced some time in the future. I do know that this afternoon the hon. member for Kootenay West (Mr. Herridge) put on record a whole list of poultry feeds, showing an average increase in cost of over forty-five per cent. It is little wonder that many poultry producers are disposing of their entire flocks for whatever they can salvage from them.

I am not going to repeat the arguments in regard to the lifting of price ceilings, but I do know that oats and barley now cost the feeders of this country between 35 and 40 per cent more. Not only does it cost the feeders that much more; it is worth that much to the farmers who produce the grain and might want to feed it on their own farms to their own livestock. Therefore to encourage the production of meat, dairy products, poultry and so on the prices for these products will have to bear some relationship to the cost of these feeds, and will have to show an increase of considerably over thirty-five per cent as compared with prices in the past.

I am very sorry the minister has not been able to tell the farmers approximately what these prices will be, because until those prices are given, or if they do not bear that relationship, this disorganization, this getting rid of herds, is going to continue despite all the arguments advanced today. I do not think you can expect the farmers to do anything else. Moreover, I want to say that what the farmer has been receiving for his produce—even wheat, about which the minister made quite a case today—bears no relationship to the rapidly rising cost of production, the cost of the things the farmer must buy in order to continue to produce, and his cost of living. There is no relationship there, and that must be taken care of to some extent.

Much has been said about what other nations are receiving, and about the cost of wheat to Great Britain from other countries. The deal was reported in the press yesterday respecting the sale of 80,000,000 bushels of wheat by Australia to Great Britain at $2.72; and when that wheat is worth approximately 56 cents a bushel less than Canadian wheat, it makes Canadian wheat worth about $3.28. These are matters which must be taken into consideration.

I do not wish to repeat arguments which have been placed on the record, but I should like to emphasize that if we are going to have production at all these prices will have to be increased from thirty-five to forty per cent to take care of increased feeding costs.

I should like to make mention of one other point, and to set out one other reason why, as yet, I cannot support the resolution before the house, and why the people whom I represent have not confidence in the present government, unless they can be given a more specific statement. This question is closely linked with other departments of government. Mention has been made of rye, which comes under this measure—in fact, it includes everything but wheat. We had what I described last fall—and I repeat it now—as a legalized racket conducted by the foreign exchange control board, which operates under the Minister of Finance. It operated in this way: people along the border were receiving American currency—this, Mr. Speaker, deals with rye, and it comes under this measure—and going over and purchasing rye in large quantities, trucking it to elevators in Canada and selling it to those elevators, after paying

a duty which averaged nine cents, thereby making a profit of about a dollar a bushel. Following that operation, much of the rye thus handled was exported to countries in Europe, some of which had received credits in the past or had borrowed money from Canada. The Minister of Finance has said it is possible that some of those nations might find difficulty in repaying the moneys they borrowed. Under those conditions, this rye was brought in and re-exported to those nations in Europe, some of it at a price of $4 a bushel; and it was a complete gyp of the taxpayers of Canada.

I have had a question on the order paper for some time. The Winnipeg *Free Press*, which never thinks very much of the party to which I belong and never does it many favours in the west, pointed out that my charge was just a matter of peanuts. With that in mind I put my question on the order paper, in these words:

1. How many bushels of rye were imported into Canada by months during 1947, and from what countries?

2. How many bushels of rye were exported from Canada during 1947, and to what countries?

3. What amount of United States currency or funds were issued by Canadian foreign exchange control board for the purchase of rye from the United States during 1947?

The answer is to be found in a return which was brought down yesterday and which showed in one month alone that considerably over 600,000 bushels of rye were brought into this country, and that the importation of that rye during this year meant the issuance of some millions of dollars of American currency, thus adding to the ever-increasing adverse trade balance in the United States.

True enough, many of the ministers have a million dollar complex and, as some of them have said—even the new czar, the Minister of Reconstruction and Supply (Mr. Howe) has stated it—what is a million dollars these days? I want to say that it is a lot of money to these agricultural producers who are going out of production right now in western Canada, and I believe all across Canada.

In answering the second question fourteen countries are listed to which rye was exported, and, without giving the figures, let me state that those countries were Eire, Newfoundland, Belgium, Denmark, France, Germany, Iceland, Italy, Norway, Panama, Poland, Sweden, Switzerland and the United States. One of the larger items, amounting to something more than 700,000 bushels, was to Poland, and the next largest, of something more than 400,000 bushels, was for Germany. That may not be of great importance to the taxpayers of Canada, but it is a matter of principle.

[Mr. Ross (Souris).]

The answer to the third question, as to how much in United States funds had been issued by the foreign exchange control board, is as follows.

The foreign exchange control board's records do not show the amounts of United States currency issued for particular commodities.

I am sure anyone who tries to obtain currency certainly has to set out in no uncertain terms what the facts are, and what the funds are to be used for. Whether those records are carried through in the department I am not able to say.

These are the answers I received, and they constitute one of the reasons why I am not going to support this measure at the present time, because I know what the government has done with some of these contracts and what it has cost the producers of this country.

Even granting that the minister was right in his argument to-day, I am one who thinks that if the wheat agreement and these other contracts with Great Britain are to be carried out, the commodities should be sold to Great Britain at the prevailing open world market price, or a price as close as possible thereto, and that the difference should be borne by the federal treasury, by all the taxpayers of Canada. The people I represent believe that too, in no uncertain terms. No member of this government can convince me or the people of my constituency that one class of people in Canada should make the whole contribution, as it is called upon to do at the present time. I agree with the minister that we should endeavour to help rehabilitate those who have borne the brunt of two terrible wars and have thereby suffered to a great extent. But it is not Canada that is making that contribution: it is the farmers of Canada who are asked to make the entire contribution.

I disapprove of that policy as wholeheartedly as I can; and I repeat that if that contribution must be made—and I think it should be—then it should be borne by every taxpayer in Canada, and that agricultural producers should be treated on exactly the same basis as manufacturers, lumber producers or the producers of any other commodities used in the rehabilitation of Great Britain.

On the basis of what I have heard thus far I do not believe I can support the resolution.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, on this occasion, when we are considering a resolution the purpose of which is to extend the term of the Agricultural Products Act, I do not think anyone coming from western Canada, and particularly the prairie provinces, would permit the opportunity to pass without making it clear that, although

there are certain features in the act which we strongly support, we do not feel that its operation, as administered by the government until this time, has been satisfactory from the point of view of the farmer.

Before going farther, may I say that with the latter part of the minister's speech I think all hon. members agreed thoroughly. It was a speech in two parts because, while it was a splendid speech throughout, the last part of it really had no direct connection with the first part. And when the minister emphasized, so strongly that his voice rang through this chamber, that we should look a little beyond the profit motive in trying to serve our nation and our world, and that stabilized agriculture was more desirable in Canada than a speculative market, I wondered how the Minister of Finance (Mr. Abbott) felt, the minister who, more than anyone else, is, in my opinion, responsible for the mess in which the government finds itself to-day in relation to agricultural production. If we check back we shall find that the trouble started definitely at the time when the government commenced its program of decontrol. The coarse grains controversy is not a question in itself; it is not an isolated incident; it is part of the program of decontrol which the government started some time ago and which is now beginning to show its effect upon all parts of our economy.

During the course of his speech the minister said that he had been in various provinces of Canada, I think five out of the nine, where he had addressed meetings. He went on to say that he had not found that the farmers were angry or were protesting very vigorously. I am not going to dispute his statement—perhaps he is such an influential speaker that he won over those people with his oratory—but I do not think the impression should be left in this house or should go out to the country that the farmers in the livestock business are satisfied or are even complacent about this matter.

I have before me a letter which was partly quoted by the leader of the opposition (Mr. Bracken). This is from the Manitoba Federation of Agriculture and Co-operation. I should like to repeat the part quoted by the leader of the opposition because I think it should all go in. The first part of the letter starts out by saying:

Manitoba farmers are angry about the recent removal of ceilings and subsidies on coarse grains.

Note that this is not an isolated case; it is not one farmer speaking; it is the Manitoba organization speaking for all organized farmers who belong to that organization. The letter goes on:

This action was taken without any apparent provision for the welfare of the livestock, dairy and poultry farmers. Irreparable harm has already been done to these industries.

That is something I want to emphasize. It is all right for the minister to say that the government has something in mind, but it is something still in a fog because we have not been given any details. The fact remains that harm has already been done which cannot now be rectified and the government must assume responsibility. The letter goes on:

Farmers are continuing to liquidate young animals and breeding stock.

They then set out their recommendations or demands, which are these:

We demand that in the interest of Manitoba farmers your government correct this situation immediately by either:

1. Re-negotiating the British contract prices on a basis sufficient to cover recent increases in cost of production.

We do not know whether the government has attempted to do that, and apparently we are not going to be able to find out in time to go home and tell our people.

2. Opening of the American market for the export of livestock.

3. Subsidizing the producer of livestock, dairy and poultry products to bring them in line with current prices of coarse grains.

Here is the second part of the letter which the leader of the opposition did not read, but which I think is very important.

Manitoba farmers maintain that their coarse grains should be handled through the Canadian wheat board. They want a stable price for these grains. They most emphatically protest the opening of the coarse grains futures market in Winnipeg.

We maintain that the dominion government should accept responsibility for losses to farmers who sold their coarse grains before ceilings were removed.

You may say, sir, that that is a letter from the officials of the Manitoba Federation of Agriculture and Co-operation, that that is their own personal opinion, but the fact is that they received their information from very good sources. Attached to this letter is a memorandum covering a collection of resolutions which had been received in the office of this organization from farm locals and co-operatives throughout Manitoba. I shall not take the time to read all these resolutions because I think the sense of them has already been presented to the house. Briefly, the resolutions protest against the action of the

government in removing subsidies and ceilings on coarse grains and they emphasize that the farmers want coarse grains handled through the wheat board.

I should like to mention some of the communities from which these resolutions came. The minister says that he spoke in western Canada, but I am wondering where he could have been. First, there are several resolutions from Dauphin where many farm organizations are located. Then resolutions were received from Roblin, Poplar Heights, Spruce Creek, Vista, Woodlands, Plum Coulee, Morden, Hebron, Marquette, Pilot Mound, Meadows, Glenboro, Portage la Prairie, Minitonas, and right down the line covering the whole province. In every case where an organization expressed an opinion, that opinion was unanimous that the action of the government was most undesirable so far as the livestock producers were concerned. Even the producers of coarse grains, those producing barley and oats who might be thought to be the beneficiaries of the higher prices were protesting just as vigorously, and for very good reasons. They realized that if they went into the production of barley and oats because of the higher prices and then, if the producers of livestock in eastern and western Canada were forced out of business because of the higher prices and insufficient returns, the situation next year would be that instead of a shortage of feed, which the minister claims is almost chronic in this country, we would have a surplus of coarse grains because of no livestock to which to feed them.

I want to quote one letter which I think expresses in brief terms what we have been trying to impress upon the government. This is from one of the directors of the Manitoba wheat pool, a gentleman who is reasonable and broad-minded and who approaches this question in a non-partisan spirit. In closing his letter to me, he said:

> Frankly I cannot understand the government action in this matter unless the exchange carries more weight with them than public opinion.

This brings me to another question which has been brought up again and again in the house, and which I should like to have the Minister of Agriculture settle for us once and for all. I refer to whether coarse grains can be handled through the Canadian wheat board. Opinions have been expressed in the house. For example, yesterday the hon. member for Calgary West (Mr. Smith) came more or less to the defence of the Winnipeg grain exchange. He is entitled to his opinion, but I am more inclined to take my advice and lead from the organized farmers of western Canada who are unanimously against the Winnipeg grain exchange rather than to take the advice of the hon. gentleman who may be quite clever in the legal profession but who admitted last night that his only experience with the Winnipeg grain exchange ended up in a loss of $1,001.65.

The question as to whether the Canadian Wheat Board Act permits the government to order the wheat board to handle coarse grains still remains unanswered. If the minister will turn to the act he will find that the interpretation of grain is as follows:

> "grain" includes wheat, oats, barley, rye, and flaxseed.

Section 2 sets out the powers given to the wheat board, and among these is the power:

> (a) to buy, take delivery of, store, transfer, sell, ship or otherwise dispose of grain.

Then section 4 substitutes the following for subsection 2, section 7 of the original act:

> Except as directed by the governor in council, the board shall not buy grain, other than wheat.

That subsection explicitly says that the board shall not buy grain other than wheat unless directed by the governor in council.

Mr. GARDINER: If my hon. friend will permit me he will find, on examination of the original wheat board act, that the board could, with the approval of the governor in council, buy and sell any kind of grain. That provision has always been in the act with regard to wheat, but it was taken out with regard to oats and barley about 1936 or 1937. I think a provision was inserted last year that the board could buy and sell oats and barley. But so far as wheat is concerned they had all those powers before we did anything last session. There is one part of that act which is entirely new. It gives all the authority which the wheat board had under the wheat board act to do all the things it is doing with regard to wheat in Canada, in addition to buying and selling. But it is claimed and, I think, properly, that that authority is not given with regard to oats and barley, because that part deals only with wheat, and that it would require the same authority to deal with oats and barley as certain members believe it should. We can say to the wheat board now: Go on the exchange and buy oats and barley. But that would not do what hon. members want. That simply puts a floor under oats and barley. We can buy at one cent more than anybody else. But we have no authority to keep the price down because we cannot keep the price down by buying barley.

Mr. ZAPLITNY: I am glad to have the minister's explanation, although I must admit that so far as settling anything is concerned we are still where we were.

Mr. GARDINER: The legal authorities have given the opinion that it requires further legislation both here and in the provinces.

Mr. ZAPLITNY: Then there must be something wrong with the act or the amendments to the act because the section I have quoted repeals certain provisions and substitutes others. That was passed by the house this year. If that power was not there, those who drafted the amendment to the wheat board act should not have inserted that section at all.

Mr. GARDINER: They inserted it and put the situation back to where it was in 1936.

Mr. ZAPLITNY: It does not mean anything at all the way it is. It only gives rise to confusion and controversy.

I want to comment on the minister's statement on the raising of young pigs. He said that only a very few farmers in Canada raise young pigs for the purpose of selling them as young pigs. That may be so but it is entirely beside the point. What we have been trying to impress on the minister and the government is that farmers who do raise young pigs for the purpose of selling them, not as young pigs, but as the finished product, are getting rid of them today because they do not want to face the prospect of feeding them all winter and then selling them at a price which will not pay the price of feeding them. They are consequently disposing of young pigs, not pigs which they had intended to sell to somebody else to raise, but which they intended to raise themselves. I do not think the minister's stattement today had any bearing on what we have been trying to impress upon him, namely that livestock in Canada, and especially young livestock which we must have for production, are being liquidated at the present time. I am not going to go so far as some other members who have said, on good authority, that our farmers are actually slaughtering their young livestock. That might be so in isolated cases, but I do not believe that a large number of farmers in this country would destroy their livestock wilfully. But they are trying to get rid of them at ridiculously low prices by selling them to anyone who will take a chance on them. It is unfair to put the farmers in that position.

The minister has been hinting in the last two or three days that the new contracts will carry a higher price, but no amount of questioning has been able to elicit details of what that price will be. In the meantime between October 21 and the present day our farmers have been going out of livestock production. It may be that someone in this country happens to know what the new price will be, and if it happens to be high enough it is a golden opportunity for someone to buy young pigs at ridiculously low prices and then cash in on the new price after the pigs have been fed. Surely the government knew what would happen in regard to the new contracts on October 21 when the other announcement was made. I think the government by that time should have been able to bring their negotiations to a point where they could have made a definite announcement as to the contract price for hogs.

I want to comment on what the minister said about agricultural production in Australia and New Zealand. I am not going to enter into a dispute with him, but there is another side to the story. He quoted figures to show that farmers in those countries were receiving less for their livestock than the farmers in Canada; but he did not point out, although I know he wants to be fair, that the production of livestock in those countries is on an altogether different basis from Canada's. He might also have mentioned that the cost of production and the cost of living all round has a lot to do with what a person receives for his product. If the object of the authorities in those countries is to keep the cost of living at a reasonable figure, then naturally the price of all the products in that country will be kept at a reasonable level. I think, in trying to present the situation in another country, we should give all sides of the picture, and I am sure the minister would have done that had he had the time.

With reference to the latter part of the minister's remarks, it seemed to me that he came out with a slightly different policy from the one we have been hearing from government speakers in this house since the session began. One of the main reasons why we were called here, so we were told, was the Geneva trade agreements. That was supposed to be the big show in this sitting of parliament; but, as things turned out, the Geneva trade agreements fizzled out. The whole theme, the old anvil chorus, at one time seemed to be multilateral trade. But the minister today, with a sense of realism, told us that we were going to make trade agreements, whether bilateral or multilateral, so long as they stabilized our economy and helped other countries. That is a sound position to take. But I think the minister would have to do some lecturing to the ministers on both sides of him before they can all agree on which way we are going. I thoroughly agree that we should play our

part in helping Great Britain and other countries which have been devastated by war and which today need food in great quantities and at a reasonable price to put them back on their feet.

According to recent figures—they are not the latest but are up to within a few weeks of today—the general price level in the United States has risen twenty-eight per cent since Great Britain received her loan from the United States. That means, in effect, that, whatever the regular rate of interest may be which Britain pays on her loan, she has to pay twenty-eight per cent more on top of that because all the products she buys from the United States have increased in price, on the average, twenty-eight per cent. I hope that Canada is not going to put Britain in the same position. We have also made a loan. Our price level has not risen twenty-eight per cent, but it has risen appreciably. If the people of Britain, and any other people to whom we extend a loan, are to benefit to the full extent of the loan it is our duty, and it is good business in the long run, to see to it that they can buy our products at a price which is reasonable and which they will be able to continue to pay for a period of years.

I cannot accept the anomaly which seems to exist between the Department of Agriculture, for example, and some of the other government departments. The Minister of Agriculture continually talks stabilization, long-term contracts and even bilateral contracts, if necessary, and continuously persuades the people of Canada and of the world of the necessity of stabilization in agriculture. Then we have his colleague, the Minister of Finance (Mr. Abbott) rising in his place in this house and telling us that if we are to have a system of price control that will mean a totally directed economy, he for one will not stand for it. How are we to have a stabilized agricultural economy in a country under a government which does not believe in stabilization as a whole? I do not know. It puts the farmer in the position where, if he listens to the Minister of Agriculture—and he often has, sometimes to his sorrow—and does what the minister says he should do, he at the same time finds that the government, particularly through the present Minister of Finance, does not believe in stabilization but wants to get back to free enterprise as fast as possible. We find that in the end the farmer is trying to practise what he believes is best for the country, but he is being hit from both sides, because his cost of production is continually going up. Only the other day an announcement was made that the price of gasoline was to go up two more cents. Is that included in the livestock or meat contract with Britain? What good is it to tell the farmer today or tomorrow that he will receive so much for his bacon, wheat, butter, eggs and so on, on the basis of the cost of production today, if tomorrow the price of gasoline, of binder twine and of all the other hundreds of things required for farming is to go up? It continuously upsets the balance.

It appears to me that every time the Minister of Agriculture takes one step forward to stabilize the agricultural economy, the Minister of Finance takes two steps backwards in an attempt to upset the economy and throw it back into chaos again. I am saying these things, not in a spirit of bitterness, but the farmers of western Canada—and I can speak with a certain amount of knowledge of the farm organizations of Manitoba—have definitely come to the point where they are asking the government to make up its mind whether it is to carry out a stabilized program of agriculture or whether it is to take the lid off and let it go on a basis of free enterprise, because they have found to their sorrow time and again that when they have accepted a program because of its stabilization feature, decontrol has come along and the price of production has gone up, the cost of living has gone up and they have been left holding the bag.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

HOUSE OF COMMONS

PROPOSED RESTRICTION OF SPEECHES TO TWENTY MINUTES

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I rise to a question of privilege. I do not know whether I am in order or not, but if the minister in charge of the house will agree, and if I may have unanimous consent, I should like to move that for the remainder of the night all speeches be confined to twenty minutes in length.

Mr. MacNICOL: There is no seconder.

Mr. MacINNIS: You are out of order.

AGRICULTURAL PRODUCTS ACT

CONTINUATION IN FORCE UNTIL MARCH 31, 1948

The house resumed consideration of the motion of Mr. Ilsley for an address to His Excellency the Governor General praying that the Agricultural Products Act be continued in force until the thirty-first day of March, one thousand nine hundred and forty-eight.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, we have before us tonight in this debate the Agricultural Products Act which we passed last spring, a resolution to extend it for three months, statement of the Prime Minister (Mr. Mackenzie King) which was made yesterday at the opening of the house and the address of the Minister of Agriculture (Mr. Gardiner) as made this afternoon. Regardless of what may have been said since then in this debate, the whole question before us—and the only question—is the contracts with Britain for the sale of certain agricultural products. I wish, first, to deal briefly with the Prime Minister's statement of yesterday, then, equally briefly with some comments made by the Minister of Agriculture, and, finally, with the merits of the resolution that is before us.

The Prime Minister's statement yesterday told us exactly nothing with respect to the definite prices to be paid and the definite amounts to be delivered under these contracts; and, as far as the country is concerned, that is the major matter they wanted to hear about. In that respect the statement was an empty one, as empty as any that I or this house have ever heard. After three weeks' deliberations by a large mission from the United Kingdom and representatives of the government of Canada, the only definite things in their report with respect to those particular matters are that they agreed not to agree, that they would announce certain prices after we are gone, and that they would carry on the present contracts for a period of three months and wait and see what would happen in the meantime. In my judgment the Prime Minister's statement was nothing more or less than a face-saving device made for the purpose of giving both governments a graceful exit from discussions that had been embarrassing to Canada and not fruitful to the United Kingdom.

Let me now refer briefly to two or three things in that announcement. The Prime Minister stated, and I use his exact words, that agreement had been reached on all matters under review. I want to ask this question. Does the Prime Minister mean to suggest that in those three weeks' deliberations the question of prices in those contracts and the question of amounts to be delivered were not under review? That is what his statement means. Yet that is what they met here to do. What are we to conclude when the Prime Minister says they agreed on everything that was under review.

The Prime Minister further stated that they had agreed to the continuance of the wheat agreement. Mr. Speaker, they did not need to do that. In the wheat agreement itself it is provided that it shall continue until 1950. There was no need to discuss it at all—no need unless somebody wanted to change it or to get out of carrying it out.

Then the Prime Minister made one other statement. He said they had decided upon the continuance and the renewal of the contracts for livestock products at prices adjusted accordingly. That is a most vague statement. I suggest that if it means that those prices were to be adjusted on the basis of the increased costs of production, it will never be carried out. I suggest, further, that farmers hearing that interpretation of his statement will be disappointed.

I come now to the remarks of the Minister of Agriculture. He discussed, among other things, the question of hog production, whether or not there is a world price for wheat, the price Britain is paying to New Zealand and Australia for certain livestock products and the question of aid to Britain. I wish to make brief comment on each of those four points.

In dealing with hog production, the Minister of Agriculture said that not many farmers were growing little pigs for sale. With all deference, Mr. Speaker, I suggest that that is not the question before us. The question before us and before them is whether it is worth while, as a business proposition, for farmers just now to grow little pigs and feed them to maturity. That is the question which is facing them and facing us. The minister read a letter from a fellow traveller who suggested that he was going to trust in God and Gardiner. I can only say that it is a good thing that farmers still have some faith in God, because most of them have lost both faith and hope in Gardiner even getting prices for them that will keep up with the rapidly increasing costs of production.

An hon. MEMBER: They soon will be on charity.

Mr. BRACKEN: Then the Minister of Agriculture touched on the question of whether or not there is a world price for wheat. If

he has any doubt about that I suggest that he read the wheat contract which he signed on behalf of this government with the United Kingdom government in connection with that matter. Here is what the contract says:

In determining the price for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in 1946-47 and 1947-48 crop years and the world prices for wheat in 1946-47 and 1947-48 crop years.

That is in the agreement which the minister himself signed on behalf of this government and which a British minister signed on behalf of Britain. If one wants further evidence as to whether or not there is a world price, the minister and other hon. members should look up the daily reports of the wheat board, in which the figure is given at which Canadian wheat other than that in the British market is sold; and during the period of this wheat contract so far, the figure has varied all the way from $2.05 to $3.37. That is the government's own attitude with respect to the question as to whether or not there is a world wheat price.

I am not going to quarrel with the minister as to whether that figure is called a world price or not. The fact is that our wheat is being sold today in the world at more than $3.30 a bushel. The only question we are concerned with, and the only question the Canadian farmers are concerned with, is whether under these circumstances $1.55 a bushel—the price in the British contract—is enough for two-thirds of our crop to be sold for.

The third point I wish to make in connection with the minister's discussion of wheat is this. The resolution before us and the act before us do not deal with wheat at all. There is nothing in the act about wheat. This measure deals with bacon, beef, cheese, eggs and other agricultural products but it does not refer to wheat at all. Whatever has been done in connection with wheat has been done under another act altogether. A discussion on wheat was not proper under this resolution at all. I shall discuss that item in the proper place.

Then the minister referred to the price that Britain is paying in New Zealand and Australia for certain livestock products. I suggest that that is entirely beside the point here. They can produce these products in New Zealand and Australia at little more than half our cost here. But I notice that the minister did not refer to prices of livestock in the United States, or to prices Britain had paid to the United States, nor did he refer to our cost of production here. We could sell these products in the United States at nearly twice what we are getting in selling them to Britain.

Nothing was said in the minister's statement in that regard. The question is not how much Britain pays New Zealand and Australia for beef. The question is whether, under these contracts, producers of livestock products can get a price high enough to keep up with the rising cost of production. As I will show later, the prices that are being paid now in Canada are not adequate for the purpose.

Then the minister closed with an impassioned plea for aid to Britain. There again, I suggest, that is not the issue before the house. Let the government or any minister bring in a measure to provide aid to Britain from this nation under any reasonable arrangement, and I venture to say it will be supported by ninety per cent of the members of this house. If that is the issue before us; if that is what the minister wants to do, he would have been better employed in seeing to it that in the Geneva trade agreements the government did not destroy the British preferential system altogether.

There are two issues before the country. One is aid to Britain and the other, a square deal to Canadian farmers. The government and its spokesmen, during recent months, have been endeavouring to confuse these two issues. But there should not be confusion. Let the government bring in any measure for lend-lease or mutual aid, or for a loan for a gift to help rehabilitate Britain, and I imagine it will have nearly unanimous support in this house. But, as I say, that is not the question. The question is whether we shall have a square deal for farmers, whether our hog producers, our beef, cheese, apple producers, our dairy producers and others are to get prices that will keep them in business under conditions where costs of production have been going up faster than prices. That is the question we are dealing with here tonight, and nothing else.

I come now to the merits of the act we are discussing, and the resolution which would seek to have it extended. The motion before us is for the extension of the Agricultural Products Act. That act, I suggest, is improperly named. It should have been named the farm prices reduction act, because that is what it is accomplishing. In any event, that act now terminates on December 31 and the motion asks for its extension to March 31 next.

The act itself, as passed last year, gave to the government a blank cheque to dispose of

Canadian farm products by contract to governments of other countries. Let me read what clause 3(a) of that act says:

Subject to any regulations that may be made by the governor in council the minister may

(a) sell or export agricultural products to the government of any country or any agency thereof pursuant to any agreement made by the government of Canada with the government of such country or with such agency and for those purposes may purchase agricultural products and make such arrangements for the purchase, sale or export of agricultural products as he considers necessary or desirable.

The act, it will be seen, gives to the Minister of Agriculture powers of dictatorship over farm products and prices. If he makes bad contracts the farmers have to take the rap. Last year we voted against this bill. If it had been restricted to carrying out the contracts in effect after the war, our vote might have been different. But the minister insisted on blank cheque powers to make further contracts.

We did not like the bill in any event because it put the Minister of Agriculture in a position to suppress all provincial marketing machinery that has been built up over many years. And we did not like it because the powers given to the minister were so unlimited. The Minister of Agriculture was given power to make every farmer toe the line.

What is the situation today? One contract, we know, stands, and that is the wheat contract. This resolution does not deal with it at all; but since the minister referred to it, let me make one statement. It is a part of the government's program. In the first year, on the basis of existing prices, it took out of the farmers' pockets $123,000,000 in cash. This year it will take more; and much of next year's crop the government has already agreed to sell for $2 a bushel, even though Australia has sold her crop for $2.72 a bushel and the world price is $3.30 a bushel odd. On top of that, as the minister explained this afternoon, the intrinsic value of our wheat is fifty-six cents a bushel more than that of Australia. Yet the government is selling our wheat at $1.55 a bushel this year and $2 a bushel next year. The government has kept down the price of our wheat and used it as an excuse to keep down prices of all other farm products.

But what about all other government contracts—those relating to bacon, beef, cheese, mutton, lamb and other farm produce? They are the things this act deals with, not wheat.

The first trouble about these contracts lies with the government itself. It made contracts that are bad in relation to the cost of producing these commodities. It then treated the contracts made as not being contracts at all. The government proceeded to break many of them by failing to supply the products in the amounts agreed to.

From what we have seen, the whole matter of the agreements has been in a state of chaos. The minister has no right to ask for an extension of the act until he tells the house what the present situation is in regard to these contracts and what the government intends to do in the months ahead. We have no more light on the subject now than we had when we came here. In the near future, the government will look at these things and make some revision, we do not know what, with respect to prices and amounts.

The country has been kept in a state of suspense for weeks, and now the government asks for another blank cheque to continue a policy which has thoroughly disillusioned the farmers and thrown the agricultural industry of the country into turmoil. The government's record on this matter does not commend itself to anyone affected by it. I doubt if it commends itself to members sitting behind the government.

Let me point out some pertinent facts about the measure and the government's administration of it. In the first place, the main provisions of the act were ill-conceived. Altogether too wide powers were given the minister. He was given wide powers to make new contracts in any quantities at any prices without any farmer or anybody else knowing what they were to be. He was given wide powers to seize farm products to fill these contracts and he exercised these powers to the extent he desired. He sold our farm products for less than they can be produced for.

In the second place, the basis of the act was unsound. It was falsely called by the government a stability program for agriculture; but it was based on instability and it was bound to fail. The government called it a stability program, but based it on sales to Britain, which could not pay us for much of it in money that was any good to us. What a basis for the stability of Canadian agriculture! What a hoax it is for the government to represent such a policy as one of stability for Canada's basic industry!

The house may be interested to know that in order to supply her needs Britain at times had to pay much higher prices to others than to us. As the minister said, in some cases she was able to get some goods at less. At one time, however, when the Canadian government was selling cheese to Britain at twenty-five cents a pound Britain purchased certain quantities from the United States and had to pay forty-seven cents a pound for it.

It is reported also that at a time when the Canadian government was selling our beef to Britain at twenty-two cents a pound, certain purchases were made by that country from the United States at thirty-three cents a pound. These were not large quantities, but they indicated the need in Great Britain and the prices prevailing elsewhere.

My third point is that the government itself has but little faith in this act. The government did not carry out the contracts it entered into.

Let me read from one contract, namely the bacon contract for this year of 1947. It states:

> The British ministry of food undertakes to purchase and the Canadian government through the Canadian meat board undertakes to supply not less than 350 million pounds of Canadian bacon and ham during the calendar year of 1947

And a little farther down—

> The price payable by the ministry of food for such hams and bacon shall be as specified in article 2(a).

Then article 2 (a) reads as follows:

> The following prices in Canadian funds per 100 pounds f.o.b. Canadian seaboard will apply in respect of bacon and hams supplied under this agreement. The price of Wiltshires grade A 45/80 pounds shall be $25 per 100 pounds f.o.b. Canadian seaboard.

Now, let me read the amounts that were delivered under these and other contracts. The minister provided this information in an answer to a question I asked a few days ago. Here are some of the things it tells us. With respect to bacon and hams the contract was for 350,000,000 pounds. The amount the government estimates will have been delivered at the end of the year will be 250,000,000 pounds, or about two-thirds. With respect to beef, the contract was for 120,000,000 pounds, and the government estimates that only 36,487,775 pounds will have been delivered by the end of this year. With respect to mutton and lamb the contract was for 10,000,000 pounds, and the government estimates that only something over 2,000,000 pounds will have been delivered by the end of this year, or about one-fifth of the contract. With respect to cheese the contract was for 125,000,000 pounds, and the government estimates that at the end of this year it will have delivered something over 57,000,000 pounds, or less than one-half of the total. In a few of the smaller contracts, namely in respect of evaporated milk, roller dried skim milk powder, and eggs, the full amount was delivered. But in respect of the major contracts, the amounts specified in the contract were not delivered.

My fourth point is that other policies of the government may well render the British contracts valueless. These British contracts are no good to farmers unless the prices are adequate and unless Britain is put in a position to pay for the goods this government sells her; and Britain cannot pay in full unless Canada continues to lend her money, or to buy more of her goods. And Canada has announced, through the Minister of Finance (Mr. Abbott) that the government will not lend her any more money, and we all know we are not taking enough of her goods.

Let me read the statement of the Minister of Finance as it appeared in the local press on October 11, on his return from London. This is what he is reported to have said:

> Under present conditions Canada's loan to Britain will last for another 12 to 14 months, and the Canadian government for the time being cannot see any possibility of extending further credits to Britain or any other country.

And a little farther down:

> I told them that the $2 billion credit we had already extended to the United Kingdom and Europe was all the Canadian economy could stand.

One could go on; but these are typical extracts from the speech of the Minister of Finance as reported on that day. It is by actions such as this that the government has removed from this legislation any basis of stability our agriculture that these contracts ever had.

Let me point out now some bad effects of this measure and the way in which it has been administered.

First, this policy does nothing to correct the dollar crisis. Sales under this act are all made in the sterling area; I think all of them to Great Britain. Yet we have been called here to an emergency session because of a crisis arising from our unfavourable balance of trade with the United States; and the government continues to make that emergency worse by denying sales to that country.

The second bad result is this, that this policy, on the face of it, deceives our best customer, the United Kingdom. I have already read parts of one contract. It, and others, call for definite amounts to be delivered. I have also read a summary of the amounts delivered. These have shown that most contracts were not filled; on nearly all of them the government failed to deliver the amounts it agreed to deliver. There may have been some understanding between the two governments that these amounts would not be delivered; but what does the contract amount to if figures are put in there and then not lived up to?

The third bad result is that this measure is lessening Canada's production, and at a time when the world is short of food and particularly short of livestock products.

The number of hogs on farms in Canada in 1943 was 4,968,000; in 1946 it had dropped to 3,771,000. In respect of meat, total dressed and inspected, in 1943 the amount produced was 2,200 million pounds, while in 1947 it was only 1,290 million pounds. Cheese production in 1942 was 207,000,000 pounds, while in 1947 it was only 118,000,000. Eggs produced in 1945 totalled 395,000,000 dozen. Production is still high, but it is falling. It has been held up by artificial props which were taken away by the action by the government on October 21 last. Then, in respect of oats, one of the coarse grains used in the production of livestock, we find that in 1943 there were 15·4 million acres sown, while in 1947 only 11·1 million acres were sown; and the same applies to barley, where we find that in 1943 there were 8·4 million acres sown and in 1947 only 7 million acres sown.

This is what the government policy has done to the basic industry of this country. This is what it has done at a time when there is the highest demand for agricultural products in the world's history.

It is said we have a scarcity of dollars, but the dollar area as well as the sterling area clamour for our food products of all kinds. Yet the government discourages and restrains farmers from maintaining production; and then it prevents the farmer from selling in an area where the much talked about dollars could be obtained. Is it any wonder we have come to a crisis.

The government calls it a dollar crisis. What it is, Mr. Speaker, is a production and a trade crisis which has been made worse by the government's interference with the normal course of production and trade.

The fourth result of this policy is that it has put Canadian agriculture into a straitjacket. Following recent changes, it is driving the livestock industry into bankruptcy. It has done this, first, by preventing sales to the United States; second, by offering our products at relatively low prices to Britain and, third, by letting the farmers' costs rise unduly. The result has been a rising tide of anger all across the nation, a total lack of faith in government planning and a complete loss of confidence in the future of every branch of the livestock industry. The government's present policy is open to no other interpretation than that the government means to cut down or liquidate the livestock industry in Canada.

In my judgment, the government deserves serious criticism, not only for certain provisions in the act itself, not only for faulty administration of the act, not only for the bad results flowing from it, the government also deserves censure for misrepresenting this and other plans as a stability program for Canadian agriculture.

Let me ask three simple questions. First, is dependence on sales to Britain, in the economic plight she is now in, a sound basis for stability for Canadian agriculture. The second question is this: Is dependence on sales to any country that cannot pay us for what we sell them unless we lend them the money a sound basis for stability of Canadian agriculture? It is a wholly absurd assumption.

In the fall of 1945 the government made a loan to Great Britain the huge sum of $1,250 million. The Minister of Finance stated recently that there had been total loans of more than $2,000 million. Yet the government bases its whole program of stability for agriculture on sales to a country which, however, much we may regret it, has not the means to pay for the products we supply. Let us help her get the means to pay, but do not let us call it a stability plan for Canadian agriculture when she cannot pay.

My third question is this: Since this policy of basing agricultural stability on these contracts is so infirm and unstable and since it can be carried out only by making huge loans to Britain and others to pay for what we sell them, where is the stability to the farming industry if the government discontinues such loans? And this the government has said it was doing—discontinuing the loans.

The government's policy in these matters is one of arbitrarily fixing certain farm prices at too low a level in relation to increasing costs. It is one of letting farm costs rise to a point where there is no profit in many lines of farm production. It is one of basing farm price stability on sales that can be paid for only if Canada continues to lend the money, and the government has said that it would not lend any more money. To call that a stability program is just another attempt by the government's propaganda machine to justify an inadequate policy by giving it a respectable name.

The functioning of this act has been possible only because of government loans and taxpayers' subsidies, by discontinuing the making of new loans and the payment of subsidies the government has cut the props from under it. The program has failed to meet the promises made for it. Three weeks of discussion between the two governments without

definite results have demonstrated that. The contracts are in a chaotic state and the new proposals announced today are but an exposition of the futility of the plan. They patch it up a bit but offer no substantial improvement. Canadian agriculture is in its present plight because the government has failed in these and other attempts by bureaucratic administration to run the farmers' business.

The farm situation today is an example, not of how planned stability can be brought about, but of how planned chaos is achieved. And the government is entirely responsible for it. The government took upon itself the power to fix prices for farm products, to subsidize farm products and to desubsidize them, to interfere with the farmers' ordinary market, to requisition products for export and to advise farmers by printed bulletins and over the radio to follow courses which proved to be unwise. In brief, the government told the farmers it was going to guide agriculture so as to bring them into the promised land of stability. The result is that the farmers have no confidence in the government's policy, nor have they any confidence in the government's capacity to plan by this measure for agriculture. They feel that they have been sold down the river. The results have proved that no good can come to the Canadian farmer by the minister being invested with these wide powers.

Amidst all this there are two points we should ever keep in mind. The first is that legislation of this kind, with all its weaknesses, will not save the British market to us. More constructive steps than this must be taken to that end. The second is that this legislation, whatever else it does, has one major defect, and that is to keep farm prices down at a time when farm costs are rising and farm production down at a time when the world is short of food.

Canada is dependent for her prosperity on export markets. That being the case, we in this party stand for a free market economy. We stand for the immediate removal of export embargoes on farm products—embargoes which are restricting the production of food. Why should the government be asking for freer access to the United States market for a hundred different products and yet deny to farmers the right to sell in that market? We ask that the government immediately discontinue its present policy of marketing the farmers' products below market prices and below production costs.

We call for an end to the confusion and deception about ceiling and floor prices. To suggest that the government is going to all this trouble to provide floor prices when there is the greatest demand for food the world has ever known is sheer nonsense. Floor prices are needed when demand is low and we have provision for that in several statutes. The government's policy has kept farm prices down in relation to other prices and has done so practically ever since it has been in office.

For the long term we stand for such subsidies as have already been authorized by the government in existing legislation, such as the Farm Prices Support Act, the Fisheries Prices Support Act and the Canadian Wheat Board Act. And if we are to protect the farmer against low prices, as the government has already done for wheat, we must also be prepared when necessary to protect the consumer against abnormally high prices for bread.

We are opposed to the government's present policy of loading the major burden of its price control policy on one section of the people. The government's price control policy in this and other measures is to keep farm prices down. In relation to present conditions it throws our whole economy out of balance. We must arrive at a balanced position in this matter. Workers and farmers and business and industry must all be treated equitably, no one being singled out for favours. And where protection against the cost of the essentials of life has to be provided for those in the low income groups, the nation as a whole should bear it.

We should have no controls that limit production. Farmers should be encouraged to produce. They should have the stimulus of good prices which their competitors in neighbouring countries have.

Let us apply the floor price legislation when floors are needed. We already have measures for this on the statute books; they are in permanent form.

No, Mr. Speaker, this plan of the government is not an expansion plan. It is but another instalment of the government's austerity program. The emergency exchange control bill which we discussed two days ago is one side of their coin; this is the other side of the same coin.

By the government's recent moves the Minister of Reconstruction and Supply (Mr. Howe) has been given power to put business and industry into a strait-jacket. By this act the Minister of Agriculture (Mr. Gardiner) is being given power to put agriculture into a strait-jacket.

These agreements up to date have resulted in a heavy loss to the agricultural industry. The over-all result on the Canadian economy will be depressed standards of living for the people of Canada as a whole. We are, therefore, opposed to this resolution. We do not propose to leave the minister in a position to continue to exploit the farmers of Canada, while he gambles with the price levels, nor do we intend to support a measure which leads only to lessened production at a time when the world is short of food.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, though I shall have critical remarks to make of the minister's administration of the Department of Agriculture before I am through, I can hardly conceive that the members of this house would oppose the continuance of the objectives of this "legislation to enable the government to fulfil its obligations under the British agreements, to export food supplies for the relief of the suffering and continue the distribution of essential foodstuffs in order to ensure stability to our agriculture and an orderly transition from war to peace."

The farmers of this country will be interested in reading the remarks of the leader of the opposition (Mr. Bracken). However critical they may be of government policy, the majority of our farmers do not want to return to a free market economy whereby they might, it is true, be able to take advantage for a limited period of a short supply of foodstuffs but later on would be at the mercy of the wolves in the years that lie ahead.

The chief criticism has been that the farmers have been compelled to sell their products at a price which has been less than the cost of production, while this government has removed controls and allowed farm machinery, binder twine, fertilizer and all the other products which the farmer is compelled to use in his production, to skyrocket in price. That has placed the farmer in an impossible position.

On October 21 last, the Minister of Agriculture (Mr. Gardiner) paid a visit to the town in which I live, Sturgis, Saskatchewan; and I was in the audience at a meeting which the minister addressed. A large number of people came from long distances to hear him, and one of my good supporters said to me after the meeting, "Mr. Gardiner has won a great many supporters tonight." The minister told the audience of his trip to Europe and something of the food situation there and of the struggle he was having to prevent speculators from reaping fortunes at the expense of the producers. He did not mention the C.C.F. in the hour that he spoke.

Within forty-eight hours the removal of the ceilings on coarse grains was announced, and I saw this C.C.F. supporter, who said, "I take back all I said the other night." He said a great many other things which I would not be allowed to put on the record. Those who heard the Minister of Agriculture that night felt that he had really let them down by presenting the sort of argument he did tonight in concluding his remarks, and then being a party to placing the farmers in a position where those who sold their grain lost sums of money they could not afford to lose, and placing speculators in a position where they were able to make sums of money they did not deserve.

Since I heard the Minister of Agriculture speak on October 21 last, I have been in eight of the nine provinces of Canada; and wherever I was, whether it was in the Fraser Valley or in Prince Edward Island, or in Saskatchewan, I found that the farmers felt that the minister's action had been a very severe blow to them. They felt that they had made real sacrifices during the war in increasing their production when they were short of manpower and knew that they were not getting a fair share of the national income. They knew that all war contracts were awarded on a cost-plus basis; but they knew that the production of wheat, bacon and beef was financed on a cost-minus basis, and they felt that some day they would be given a chance to get some adjustment made. They certainly did not expect to be treated in this way. Many of them had sold all their coarse grains.

The president of the Canadian Federation of Agriculture summed up the views of the farmers when he addressed the dominion-provincial conference on agriculture at the Chateau Laurier in Ottawa on December 3. Mr. Hannam then said:

> There is an atmosphere of uncertainty pervading this conference.

And again:

> The uncertainty and bewilderment evident here is much the same as that which every farmer in Canada feels.

He went on to say:

> I have never known a time when all livestock farmers, including dairy and poultry producers, were so upset, so discouraged, so bewildered.

I frankly admit that I felt the same way today, although the Minister of Agriculture took occasion to attempt to reassure us.

The president of the Canadian Federation of Agriculture summarized at that conference the reasons why Canadian farmers have been so upset, and these views of the farmers certainly do not support the leader of the opposition. In his summary, Mr. Hannam made these points:

(1). When ceilings were removed from coarse grains the price immediately jumped, for example, from 93 cents to $1.23 for barley. But when subsidies were cancelled at the same time it meant the livestock feeder suffered an increase of from 68 cents a bushel to $1.23. That

is an increase of 80 per cent in barley costs. And this, they knew, was in line with the government's policy of decontrol.

(2) They had seen protein feeds and mill feeds, decontrolled some time previously, increase from 50 to 90 per cent and no action was taken about it.

(3) We had livestock surpluses on the market as a result of the packing industry strike, and these depressed livestock prices and prevented increases which producers were entitled to.

(4) We had suffered a partial crop failure in six provinces.

(5) Farmers saw feed grain prices fluctuating from day to day in the grain exchange and outside speculators, who could not take the grain into their country, adding to the uncertainty of the market.

(6) Farmers have seen a tendency on the part of consumers to resist price increases in food costs, and they saw strikes result as a protest against increasing costs of living.

(7) The government's action looked like the forsaking of a stabilization program.

(8) It looked to them like a contracting agricultural program instead of an expanding food and agriculture program which the world needs so badly.

Further on, he said:

Since speculative buying might at any time cause feed grain prices to rise sharply and thus again destroy the price relationship, or since the lack of speculative buying plus a decline in purchasing power might cause a sharp decline to the detriment of the grain grower, we recommend that coarse grain prices be stabilized by placing the marketing of them under the Canadian wheat board.

I should like to draw this recommendation to the attention of the members of the Progressive Conservative party. Mr. Hannam also makes this comment:

I contend that when we have the products to export and when there is this very real human need in Britain, currency difficulties should not stand in the way. What is physically possible and economically desirable, should be made financially possible. Surely arrangements for payment can be made and should be subordinate to the need and the creation of real wealth possible to meet that need.

I wish to say a few words in connection with the recommendations made by the president of the Canadian Federation of Agriculture as to the government giving more favourable consideration to our relationships with the United Kingdom. I have just received the air edition of the Manchester *Guardian* of Thursday, December 11, and it contains an interesting article headed, "Trade With Canada", which says in part:

The trade talks in Ottawa have reached a critical stage. Britain and Canada are both troubled by a shortage of dollars, but the measures which each country is taking to defend its position tend to hurt the other. The British government proposes to reduce purchases of Canadian eggs, beef, and various manufactured foods now admitted under the token import scheme. The Canadian reply is that the food program cannot be curtailed without affecting the long-term contract for the supply of wheat, which is vital to Britain. We have no desire to see food now sold to us shipped to the United States, where it could at present be sold at high prices against dollars. But we must find means of cutting down our deficit in trade with Canada, one-half of which we have to meet in United States dollars. On the other hand, Canada has just imposed severe import restriction in order to economize United States dollars; and in prohibiting or restricting a wide range of goods the dominion has hit British as well as American goods. That is an example of non-discrimination carried to absurd lengths, for it is Canada's wish and interest to import more, not less, from this country. The difficulty of obtaining British goods has been one of Canada's chief complaints for many months. It is hard to believe that the formal regulations which would prohibit or restrict many important imports from Britain will stand. Anglo-Canadian relations have been managed with so much good will and good sense in the past that the present contradictions cannot be allowed to end in a deadlock.

[Mr. Nicholson.]

Mr. FULTON: I rise to a point of order. In view of the lateness of the hour, I think the hon. member should be required to say what he means instead of reading from the Manchester *Guardian*. I could read from the Sears-Roebuck catalogue.

Mr. MacINNIS: The leader of the opposition (Mr. Bracken) for about an hour or so read from a paper and we do not know who wrote it.

Mr. ROSS (Souris): He wrote it all himself.

Mr. MacINNIS: If the leader of the opposition can do it, why cannot the hon. member for Mackenzie do it?

Mr. FULTON: But the hon. member for Mackenzie is not reading as intelligently as any other hon. member might read.

Mr. NICHOLSON: Thank you. I have completed all but the last sentence, which I shall refrain from quoting, if it is offensive to the hon. member for Kamloops. The argument I am advancing is that—

Mr. FULTON: A player piano—

Mr. NICHOLSON: If the hon. member for Kamloops has no more useful contribution to make to the discussion I am sure that the farmers in the Kamloops area will be interested in realizing that he takes so lightly the problem affecting agricultural producers of this country.

Mr. GRAYDON: Outside of parliament that would be regarded as a dirty remark.

The ACTING SPEAKER (Mr. Golding): Order.

Mr. GRAYDON: It is not a fair remark; it is a dirty remark.

The ACTING SPEAKER (Mr. Golding): I draw hon. members' attention to the fact that it is not in order to interrupt an hon. member who has the floor. Every hon. member has the right to present his views to the house.

Mr. FULTON: But not the Manchester *Guardian's*, Mr. Speaker.

The ACTING SPEAKER (Mr. Golding): The rules of the house are designed to permit an hon. member to present his views, and he should be permitted to do so without interruption.

Mr. MACKENZIE: I think the house is always a discriminatory judge of the respective intelligence of the various speakers. So far as I am concerned I always find the hon. member for Mackenzie a most intelligent contributor to the debates of the house.

Mr. FULTON: Yes, but you are a socialist.

Mr. ROSS (Souris): As one socialist to another.

Mr. TUCKER: Mr. Speaker, I do not endorse what my departmental chief said because, among other things, the hon. member said something about me which I did not hear, but which I doubt I would agree with.

Mr. NICHOLSON: The point I am trying to make, Mr. Speaker, is that the government of Canada has introduced a program which is cutting down British imports into Canada and placing agricultural producers in a position where it will be extremely difficult for Great Britain to find the necessary dollars to purchase the agricultural commodities that the farmers of Canada must export if they are to make their full contribution toward the feeding of the people of Great Britain and the people of continental Europe.

I had a question answered yesterday which told of the number of United States dollars that were used in the first eight months of this year to pay for raw furs. The amount was $7,950,488. The amount of $1,432,870 was used to buy jewelry and $1,384,225 to buy distilled liquors. Earlier in the year the federal government should have decided that Canada could very easily do without these large imports of—

Mr. FULTON: Is the Saskatchewan government not in the raw fur business?

The ACTING SPEAKER (Mr. Golding): Order.

Mr. TUCKER: Both raw and cooked.

Mr. FULTON: I asked the hon. member if I could ask a question.

Mr. NICHOLSON: I cannot hear the mumbling.

Mr. MACKENZIE: You are very fortunate.

The ACTING SPEAKER (Mr. Golding): Just a moment. An hon. member who has the floor must not be interrupted or asked a question unless he consents.

Mr. FULTON: Even though he is talking nonsense?

Mr. NICHOLSON: Had the federal government taken my advice and cut down on the imports of distilled liquor into Canada, we would have a much more congenial parliament.

Mr. MACKENZIE: Hear, hear.

Mr. ROSS (Souris): The liquor is better in Canada anyway.

Mr. NICHOLSON: I have in my hand a report from the Department of Trade and Commerce which points out that in the last year we have imported substantial quantities of typewriters, silvered glass, shoe blacking, writing ink and a great many other commodities that are manufactured in Great Britain, and because of a trade policy that has been dictated, certainly not by the agriculturalists of Canada, we are placing Great Britain in a position where it will be very difficult for her to find the dollars to buy our exports. We must also face up to our obligations in the international field.

In the second annual report of the food and agriculture organization conference, it is pointed out what is happening:

Meanwhile the paradox of the years between the wars shows signs of being repeated. The increase of agricultural production achieved by exporting countries in their efforts to relieve the world shortage may well lead to the sudden occurrence of unmarketable surpluses. Already a surplus of wool is threatened and surpluses of cereals, sugar, and certain other products may soon appear. Unless measures are taken in advance to deal with these surpluses, they will again bring ruin and misery to millions of land workers and will endanger the stability of the whole economic system.

In the "World Food Survey", we find that if politics such as the leader of the opposition (Mr. Bracken) recommended for Canada are to be followed again in the years ahead we are bound to have a repetition of what we had during those hungry thirties. In the issue of "World Food Survey", our attention is brought to the fact that:

In Brazil, during the twelve years from 1929-1941, seventy-five million bags of coffee, one-third of the total output, had to be burned.

Mr. FULTON: Does Canada produce coffee? What has coffee to do with the resolution?

Mr. NICHOLSON: The whole situation is also discussed in this survey. It points out:

There may well be more than sufficient wheat to meet the effective demand after the 1948 crop is harvested.

Unless the Canadian government is prepared to take a long-term view and decide that so long as we have our fertile fields in Canada, so long as we have willing people to work, Canadians will be permitted to produce maximum amounts of all agricultural products. We are not going to allow the surplus of foodstuffs in other parts of the world to force eggs down to three cents a dozen and bacon down to a few cents a pound. When I was in Victoria a few weeks ago I stayed with friends who lived in my constituency during the hungry thirties. The father and the son are both working in Victoria, the father getting $1.25 an hour, and the boy $1 an hour; some $18 a day coming into that home. The father was a carpenter who found himself among the unemployed in 1930 and came north to my constituency, back thirty-two miles from the nearest town. He told me of his experience the first day that he secured relief. He said he walked by the relief office at least twenty times before he got up the courage to go in. Those were the days when the Progressive Conservatives were in office in Saskatchewan.

Mr. TUCKER: They were not Progressive; they were just Conservatives then.

Mr. NICHOLSON: In those days the maximum amount this man and his two children could get for their food was $10 a month. His brother worked for a veteran who was on pension. This veteran shipped to the Winnipeg market ten hogs which weighed 200 pounds each and received in settlement, after the freight and commission were taken off, $2.27, or less than twenty-five cents a hog. He therefore decided there was no point in feeding hogs. He had some pigs that dressed about 100 pounds. He was selling them in the town for $1.50, or one and a half cents a pound. My friend was not able to get meat. Because there were plenty of deer and moose in that country, it was assumed that people on relief should be able to get their own game. No provision was made for buying rifles or ammunition for them. So he went in to see if he could get $1.50 so that he could have fresh pork for his family. He was told, no, that it would be unreasonable for anyone who was getting $10 a month to expect another $1.50 for the purpose of getting some pork. I think producers in Canada want to do everything that is physically and humanly possible to see that we never have a recurrence of those days. I believe it would not have been possible at this short session, with the opposition which obviously would have come from the Progressive Conservative benches, to get before parliament legislation which would guarantee to the producers of this country that there would be stable markets available in order that Canadian products would find their way to British and other overseas markets to supply the consumers in those other countries at the lowest possible prices, so that there would not be speculators coming in between producer and consumer. I hope the Minister of Agriculture is prepared to bring in, at the next session, legislation which can guarantee to the Canadian farmer the sort of objective that was outlined by the president of the federation of agriculture, who suggested that whatever is physically possible and economically desirable should be made financially possible so that Canada may play her full share in the rehabilitation of the world.

In conclusion, may I quote Sir John Boyd Orr's closing remarks at the Geneva conference:

"Governments must take notice and be prepared to act immediately," Sir John Boyd Orr said at the conclusion of the Geneva conference. "Hunger saps the foundation of governments. . . . The recommendations of this conference, and the more definite recommendations which the council will make, should receive absolute priority in both national and international political affairs. . . . The people of the world demand food, material for clothing and housing, prosperity for agriculture and business, and above all, peace. FAO was created to give these things to the people of the world, and by the grace of God the people shall have them."

I was disturbed today to hear confirmed that Canada is shipping some $25,000,000 worth of surplus war assets to China. If Canada was prepared to send $25,000,000 worth of food to China; if we had been prepared to send food to Europe in those years when little pigs were selling at one and a half cents a pound or twenty-five cents for 200-pound pigs, I am sure that we would have made an important contribution toward maintaining peace.

Mr. R. E. DROPE (Northumberland, Ont.): Mr. Speaker, I do not propose at this late hour to take up very much time because I realize that this is the final day before adjournment and our time is more or less limited. I should like to make a few remarks with regard to what the Minister of Agriculture (Mr. Gardiner) said this afternoon. I certainly cannot agree with the view that the Minister of Agriculture would leave in this house that all is well with the hog producers in this country. When we are talking about the Agricultural

Products Act, I think what the farmers of this country are anxious to know is where they are going. In the last few months our agricultural policy has been lacking in stability. The Minister of Agriculture has been leading the farmers down the highway, and this fall he turned off on to a blind sideroad. Usually, when you turn off the highway on to dangerous roads, there are some detour signs. He might have detoured some of our beef cattle to the United States, which action would have been beneficial to this country in getting some of the much talked of United States dollars.

The farmers in my part of the country are much disturbed over the lack of stability in the agricultural program. They say, "Where do we go from here?" It is going to be a big job to get the farmers off this blind road and back on to the highway again, and to re-establish confidence after the muddle in which they have been placed. It is the wish of the farmers that some financial arrangement be worked out which will permit them to continue to supply food to the United Kingdom and other needy countries.

We were told yesterday that new contracts had been negotiated at increased rates for bacon, beef, cheese and eggs for 1948. What about evaporated milk and skim milk products? This is important to the dairy industry. To me it appears strange that more details of the actual increase in price could not have been given. I would expect that upon my return home tomorrow, when I meet the farmers of my constituency, the man who raises hogs will ask, "How much increase are we getting?" The beef man will ask, "What price per pound are we getting for beef?" The man who produces cheese will ask, "What is the new cheese contract price?" And the poultry man will ask, "How much are we to get for our eggs?" It seems to me that these would be fair questions. We are led to believe that the new agreements are to be increased. But the producers would like to know what they are. It seems to me that, with this session on and since we have been discussing this matter for many weeks, the picture should have been made clearer so that we would know what our program is. The farmers want to know what the price is and they want to know now.

Mr. L. W. SKEY (Trinity): Mr. Speaker, I rise only to tell a short story. That story is about a medical experiment which concerns an animal, namely a dog. The experiment is simply this. A dog was placed in confinement in a small room, and the doctors undertook to shine a square of light on the floor of this room at a certain time. Immediately after the square of light was shone on the floor of this room, the dog was fed; and the dog was happy. At another time in the day they shone an oblong of light on the floor of the dog's confinement cell and the dog was beaten; he was beaten gently, but he was beaten. In time this dog understood that when the square of light appeared on the floor he would be fed and that when the oblong of light appeared on the floor he would be beaten; and he was a happy dog. Then the scientists undertook to contract the oblong of light until it approached the proportions of a square. The dog, who understood he would be fed when there was a square of light and beaten when there was an oblong of light, was a completely happy dog; and he knew the situation. But as the oblong of light approached proportions of a square of light, the dog began to be confused; and in the end, as the oblong of light became almost coincident with the square of light, the dog suffered a nervous breakdown.

That is only a small illustration of uncertainty. The dog who was sure when he knew what his fate was, was a happy dog. He did not mind whether he was beaten or whether he was fed; he was certain of his future. I cite this small story, which is a true scientific story, only to illustrate the situation in which the farmers of the country find themselves today. I come from an urban constituency. I speak as the member for Trinity constituency in Toronto, an urban riding, but I can apply the same illustration, not only to the farmers of Canada—

An hon. MEMBER: You did that for five years.

Mr. SKEY: I can apply this illustration, not only to the farmers of Canada, but particularly to the industrialists who are also the producers of Canada today. They do not know where they stand with this government. They have to come to Ottawa and plead their case before officials of one type or another, and that is the position in which the farmers find themselves too.

I rose simply to say that as an urban member I have full and complete sympathy with the farmers of Canada, because they do not know what price they will receive for their products and do not know what price they will have to pay to the people who supply them with feed grains and other necessities to enable them to continue production in this country at the present time.

Mr. E. D. FULTON (Kamloops): I rise in connection with this resolution for two reasons, first, because I want to discuss the resolution itself and, second, because I want to discuss the effect of the resolution in so far as the agreements with Great Britain are concerned. I must observe at this time that I have jettisoned a third aspect of my speech tonight because I realize that the house wants to get on to a vote. The house wants to know who is for and who is against this resolution; and for that reason, if for no other, I have decided to deal with only two aspects, two contrary aspects, which might be advanced against the resolution, instead of three or perhaps six or even ten. Indeed, Mr. Speaker, there is almost an infinity of reasons which might be advanced against the program of the government.

But before I go on, I should like to say this. This resolution affects no one more than it does the fruit growers of British Columbia, because last session when this bill was introduced by the Minister of Agriculture (Mr. Gardiner) he informed us that he was going to introduce an amendment to the bill which is now incorporated in the statutes of Canada, and he was going to do so for the purpose of assisting the apple growers of Canada. I wish to refer to some features of the act which, in themselves, were opposed by spokesmen on behalf of the apple growers of the constituency of Yale.

That brings me to echo if I may the tribute which was paid to the former hon. member for Yale, Mr. Stirling, who is no longer with us, by the hon. member for Vancouver South (Mr. Green). I wish to echo his tribute, although I do so in words not adequate to the sentiments which I should like to express, because I found in the member for Yale an adviser, a courteous friend, a kind and patient counsellor in my inexperience. I found him to be an inspiration, an example and a help, one whose knowledge was generously given. He is missed certainly by myself, and, I have no doubt, by many other hon. members, who regret the fact that the former member for Yale is no longer in this house.

The former member for Yale, apart altogether from being a wise and experienced counsellor, was one who understood and expressed the difficulties and the problems of the province of British Columbia, with a clarity of expression which unfortunately, for my own part, is lacked by those who attempt to speak in his absence. He was one who took exception to the act which it is sought now to have extended by the present resolution. That bill was wholly unacceptable to those who had

[Mr. Skey.]

at heart the best interests of our own agriculture and indeed of Canadian agriculture at large today.

Although I realize that the hour grows late, I should like to deal at some length with the objections taken to the bill by the former member for Yale, because I feel that they express perfectly the exceptions which should be found to this resolution seeking to extend the act for a further period of three months.

The exceptions taken by the former member for Yale are found at pages 1408 and 1409 of *Hansard* of March 14, 1947. The main objection which was raised to the present bill is that it gives no voice to the producers in the question of prices or in the marketing of their produce. I am going to read the objections which the former member for Yale found to this bill. The bill, he said, sought to set up boards under the direction and under the control of the Minister of Agriculture and the former member for Yale dealt with it in these terms, as found at page 1408 of *Hansard*:

> Those boards will act under the direction of the minister and will be able to acquire agricultural products designated by the governor in council, deliver them, store them, and besides that, set the price which the farmer will receive for those products. That method of arriving at the object of the bill carries with it a principle with which we are not in accord.

And then he went on to say:

> We do not consider it right that the farmer who produces the product should have no say in its dispostiion or in the price he shall receive for it, and in that regard we are on all fours with the representations made by the Canadian Federation of Agriculture a fortnight ago today.

He was referring there to the annual meeting of the Canadian Federation of Agriculture. Then the then member for Yale went on to say this:

> The main reason why I am so strongly in favour of recognition of the boards at present in existence under the provincial marketing acts is that they are producer boards.

He went on to outline how, under the act which is at present being sought to be extended, producer boards were given no part in the setting of prices or the quantities to be delivered. Then he went on to point out the fact that under the present act the position of the producers of agricultural products was set at naught by the dictates of this government.

In moving his amendment, in which I submit he set forth clearly the position not only of this party, but of organized agriculture in Canada today, the then member for Yale said this, as reported at page 1410 of *Hansard* for March 14.

> I therefore sum up in this way, Mr. Speaker. We quite realize that it is necessary for the government to obtain the commodities required for certain international agreements which they have arrived at, but we contend that before the disposition of the farmers' produce should be made, and particularly before the price is arbitrarily set by the minister, the farmers should have an opportunity of indicating their wishes with regard to what they have produced and the price at which they are able to sell it.

The Minister of Agriculture, dealing with that position, went on to say that, under this bill which is sought to be extended by this resolution, it was felt that the farmers should not for the present have the opportunity to say, themselves, what should be the prices or what should be the quantities sold. He went on further to deal with the policies of the present Liberal government and to deal with the policies of the preceding Conservative governments. In that connection he used these words, which I should like to read to the house:

> All I wish to point out is that when my hon. friends opposite—

And he was referring chiefly to the official opposition.

> —set themselves up in this house as the advocates of a policy under which farmers organize themselves to do their own business, they are advocating something which has been Liberal policy for at least the last thirty years, and will continue to be Liberal policy as long as there is a Liberal party in this country.

All I wish to say there is that the policy which the Minister of Agriculture contended had been Liberal policy for the last thirty years has been completely reversed at this present moment; and it leads some of us to ask whether there is a Liberal party in this country today. It leads some of us to answer that question by saying that the Liberal party of this country today is dead.

An hon. MEMBER: Prince Edward Island.

Mr. FULTON: Perhaps I should not say that the Liberal party as a Liberal party is dead, because I think they have two adherents in the country today. One of them made a speech two days ago in which he set forth the tenets of Liberalism. But that hon. member is as good as dead because, unfortunately, he finds himself in the other chamber; and that is where all good Liberals go and where all good Liberals are free to speak against the present tenets of the Liberal party's policy. And the only other good Liberal whom we might have hoped to find in the house today, in the person of the Minister of Veterans Affairs (Mr. Mackenzie) is, as we unfortunately find, a socialist.

And so I think the Minister of Agriculture is perfectly correct when he says that this policy of giving farmers an opportunity to set their own prices and to conduct their own business is the policy of the Liberal party as long as there is a Liberal party in the country. However, unfortunately there are no true Liberals left on the government benches opposite.

It may be, and probably will be said that those who vote against this resolution are voting against it becaue they do not wish to see the policy of the present government in regard to its agreements with Great Britain come to a successful conclusion. To that I give the answer that we are not opposed to the supplying of wheat, meat, eggs or milk to Great Britain at prices less than world prices; but what we are opposed to is supplying all those commodities, the burden of which is borne by the farmers of this country.

In voting against this resolution, as I propose to do, we want to see the government go into the open market and take those commodities from the farmers at world prices, so that the people of Canada in general will bear the burden of the government's policy, instead of that burden being imposed upon the farmers exclusively.

In connection with these agreements with the United Kingdom, I wish to refer to the position in which this government, in pursuance of the verbal policy of providing cheap food for the United Kingdom, has placed the people of Canada and, more particularly, the farmers of Canada.

We noted, listening to the Minister of Agriculture tonight, that he subscribed in generous and flowing terms to the policy of "Empire First." He said that not only have we to preserve the political concept of the British commonwealth of nations, but we have also to preserve the economic concept. I wondered as I listened to him whether the Prime Minister (Mr. Mackenzie King) was a party to his thoughts; because the concept of Gardiner and the empire is so diametrically opposed to the concept enunciated by the Prime Minister of the Geneva trade agreements and abandonment of empire preferences. The two things are diametrically opposed.

It is time that this government, which purports to lead the people of Canada, got together; or, if they fail to get together, as they have done in the past, they should resign

and leave it to somebody else who can solve the problems of the Canadian people and carry on in their stead.

In connection with these very same trade agreements, I want to refer to an answer or a comment which, I believe, was made in a moment of absent-mindedness by the Minister of Finance (Mr. Abbott). We are told that in connection with these food agreements—incidentally the Minister of Agriculture has not been able to fill in the details—our policy is to sell to the United Kingdom their requirements and, in order to enable them to pay for them, to take in return increased quantities of manufactured and other products of the United Kingdom. The Minister of Agriculture waxed eloquent today on that subject, but I would point out that he is not at all in accord with the remarks of the Minister of Finance. When the Minister of Finance was asked on Friday last by the leader of the opposition (Mr. Bracken) about the effect of the embargo on the importation into Canada of certain manufactured products, the answer given by the Minister of Finance I suggest departed substantially from the accuracy and responsibility which one is entitled to expect in answers from ministers of the crown. The leader of the opposition asked this question, as reported on page 222 of *Hansard*:

In the press of today there appears a report that Britain will be able to supply about one hundred manufactured articles, ranging from films to capital goods, in quantity to the export market in 1948; and further it is understood that the list has been sent to the British delegation at Ottawa, which is seeking a readjustment of trade with Canada. My question is this: Since Canada's embargo now applies against many of these goods, have the British made any representations to Canada with respect to removing the embargoes against them? If so, will the government lay on the table the substance of the representations made?

The answer given by the Minister of Finance was this:

I shall take note of my hon. friend's question, as he did not give me any notice of it. May I say that the embargoes contained in the bill now before the house do not materially affect exports from the United Kingdom.

I refer to that only for this reason. We were told during the debate on the extension of the Agricultural Products Act that one means by which Great Britain will be able to pay the increased prices which we are asking for our agricultural products—incidentally those increased prices have not been communicated to the house—is through the British people being able to export more of their manufactured products to Canada. It therefore becomes very important to ascertain just what products the British people will be able to export to us. The Minister of Finance says that the embargoes contained in the bill now before the house do not materially affect exports from the United Kingdom.

I have in my hand a list of those products which the British expect to be able to export to us. There are ninety-two items in the list, of which thirty-two, or just over one-third, are under embargo, and of which eighteen are under quota. Of those items, a total of fifty, which is well over fifty per cent, are either under embargo or on quota from the United Kingdom. I say that the answer of the Minister of Finance was so inaccurate, so casual and contained such a disregard for the actual facts of the situation as to make it an answer not in accordnce with the responsibility which the people of Canada are entitled to expect from a minister of the crown. I say, further, that the Canadian government will find it necessary, if their policy with respect to agricultural commodities is to be achieved, to relax very considerably and materially these restrictions on imports from the United Kingdom. I forecast that as an absolute certainty. That would not be serious coming from a private member except, as I say, that in his answer the Minister of Finance departed so far from the facts of the situation as to be irresponsible and not in accordance with the careful consideration which one is entitled to expect from a minister of the crown.

Some hon. MEMBERS: Carried.

Mr. FULTON: I am glad to hear the minister agree with a member of the opposition when that member says that the minister does not portray that seriousness in the light of the present situation which one is entitled to expect.

The final thing to which I wish to refer is an important agricultural product in the province of British Columbia—apples. We find that under the Geneva trade agreements Canada has lost entirely her preferential position in the British market. I should like to refer to page 11 of the press release issued by the government in connection with the Geneva trade agreements, which states:

One of Canada's most important contributions to the general agreement on tariffs and trade which has for its purpose the reduction of tariffs, the elimination of tariff preferences and other trade restrictions is the relinquishing of the apple preference in the United Kingdom. Canadian apples have always enjoyed free entry into the United Kingdom market.

Next I should like to read the Prime Minister's statement in connection with this

same subject as made on December 9, and I quote from page 103 of *Hansard*:

While the basis of the British preference has been altered by agreement, which restricts the preference to items set forth in the schedules, these have been drafted so broadly that neither Canada nor any other commonwealth country has given up any preferential position which it regarded as important. The schedules were most carefully scrutinized and worked out in minute detail.

Then I should like to read a press dispatch which appeared in the Vancouver *Sun* of November 18, as follows:

Elimination of the British preference market will mean a return to the old "cutthroat competition" between fruit producers for markets, A. K. Lloyd, president and general manager of the British Columbia Tree Fruits, said here in commenting on the new trade agreements.

The only comment I have to make is this: In view of the Prime Minister's statement that the preferential tariff had been most carefully considered and the schedules worked out in minute detail, the fruit growers of Canada, particularly of the Okanagan and Yale districts, my own district of Kamloops, Salmon Arm and Nova Scotia, will be glad to know that in this half-baked, ill-conceived agricultural policy of the Dominion of Canada their position has been regarded, in the Prime Minister's own words, as of no importance.

Motion agreed to on division.

BUSINESS OF THE HOUSE

ADJOURNMENT FROM DECEMBER 19, 1947, TO JANUARY 26, 1948

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would ask you please to return to government notices of motions so that I may move the motion which appears in my name reading as follows:

That when the house adjourns on Friday, December 19, 1947, it stand adjourned until Monday, January 26, 1948.

Mr. HARKNESS: May I ask the Prime Minister if that is to be more or less definite? Hon. members from faraway places would like to make their plans for the future. Are we to be back here on January 26, or is this merely a formality?

Mr. MACKENZIE KING: I really cannot understand what my hon. friend means because the resolution speaks for itself. I hope he is able to understand it.

Motion agreed to.

GOLD MINING

EMERGENCY PAYMENTS TO ASSIST IN MEETING INCREASED COST OF PRODUCTION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee to consider the following resolution.

That it is expedient to introduce a measure to make provision for the making of emergency payments by the Minister of Mines and Resources to assist in meeting the increased cost of production of gold produced from gold mines during the three years commencing on December 1, 1947.

Mr. JOHN BRACKEN (Leader of the Opposition): Before the Minister of Finance proceeds further, may I ask what he has in mind with respect to procedure from now on? Has he in mind anything more than just to get the bill before the house?

Mr. ABBOTT: I was going to suggest that I make a short factual statement and that, after the resolution is reported from the committee and given first reading, then, if the house so wished, I would move the second reading to give hon. gentlemen who desire it an opportunity to speak on the bill. But of course I am entirely in the hands of the house. My hope was to have the bill read a first time tonight so that it might be distributed.

Mr. BRACKEN: Might I suggest that we be not asked to finish it tonight.

Mr. ABBOTT: There is no such intention. In moving this resolution, Mr. Speaker, I do not wish to make any extended statement. I shall avoid any argument and confine myself to the giving of factual information which I am sure hon. members and the public would like to have at their disposal immediately.

As I indicated in replying to the leader of the opposition, I suggest that it would be desirable to let the resolution pass quickly in order that the bill may be introduced and made available to all members and the debate take place on second reading. With the unanimous consent of the house, it would, I believe, be possible to pass the resolution, give first reading to the bill, and begin debate on the second reading of the bill today. This would provide an opportunity for those hon. members who are particularly interested to speak on the bill with the bill itself before them.

There is, as I have indicated, little that I wish or need to say at this time. On December 11 last, at page 194 of *Hansard*, I made a statement, outlining the terms on which it is proposed to make payments to gold mines in order to assist them in defraying part of the

substantially increased costs of production, and giving the reasons which had led us to modify our original proposal. On the same day or the following day, certain statements which have a bearing on the problem were issued by others. For the convenience of members and with the consent of the house, I should like to place on *Hansard* at the close of my remarks copies of the two statements issued by the international monetary fund on December 11, 1947, the first outlining the fund's policy with regard to gold mining subsidies generally, and the second dealing specifically with the revised Canadian proposal and the statement issued by the national advisory council of the United States government under date of December 12, 1947. As the house knows, the national advisory council is made up of the secretary of the treasury, the secretary of state, the secretary of commerce, the chairman of the board of governors of the federal reserve system, and the chairman of the board of directors of the export-import bank of Washington.

It will be recalled that for a period of three years beginning December 1, 1947, we propose to make payments through the Minister of Mines and Resources (Mr. Glen) to the operators of gold mines on the following basis. The first step in the calculation is to take half of the amount by which a mine's cost of producing an ounce of gold in the year of payment exceeds $18 per ounce. Having obtained this basic rate of assistance in the case of the particular mine, it is applied to the amount by which production in the current year exceeds two-thirds of production in the base year, which is the twelve months' period ending June 30, 1947. In the case of new mines, the payment as described above will be paid on the entire production in the first year, and in the two succeeding years on the amount by which current production exceeds two-thirds of the first year's production.

Since the announcement was made, considerable interest has been expressed in the items that would be included in cost of production. I think it will help hon. members if I give them this information immediately.

In the new bill, "cost of production" of gold from a mine during any period is defined as "the costs incurred by the operator of the mine in, and properly attributable to, the production of gold produced from the mine during that period, and includes mining, milling, smelting, refining, transportation and administrative costs so incurred and so attributable, and includes such amounts in respect of depreciation, amortization of pre-

[Mr. Abbott.]

production expenses, and costs of exploration and development in the mine as may be determined in accordance with the regulations, but does not include any amount in respect of depletion or off-property exploration and development, or, subject to the regulations, any amount not allowable as an expense or deduction in determining income from the mine for the purposes of the Income War Tax Act."

It will be noted that in this definition the attempt is made to provide for a reasonable determination of cost of production, including all items of cost that could be legitimately included for a purpose of this kind. Depletion, off-property exploration and development and any amount not allowable as an expense or deduction for income tax purpose are not allowed, but depreciation, amortization of preproduction expenses, and costs of exploration and development in the mine are allowed in reasonable amounts to be determined by regulation. It is the intention that the regulations will provide for determining an allowable amount of mine exploratory and development expense on the basis of the historical experience of the mine—say, the average for the period 1939-41—adjusted upward for recent increases in costs. In the case of new mines, it is expected that the amounts allowed will be determined by reference to the average allowed in the case of all old or established mines.

It will, of course, not be possible to determine with finality a mine's average cost of producing an ounce of gold during any payment year, until after the end of the year. However, power will be taken in the bill to prescribe by regulation the times at which amounts payable under the legislation may be made and to authorize the minister to make advances in respect of the payments to be made on the gold produced in any payment year. My hope would be that it would be possible to make interim payments, say, shortly after the end of each quarter, subject to final adjustment and determination after the end of the year.

The statements to which I referred and which I should like to place on *Hansard* are as follows:

Statement by the international monetary fund issued December 11, 1947

The international monetary fund has a responsibility to see that the gold policies of its members do not undermine or threaten to undermine exchange stability. Consequently, every member which proposes to introduce new measures to subsidize the production of gold is under obligation to consult with the fund on the specific measures to be introduced.

Under article IV, section 2, of the articles of agreement of the fund, members are prohibited

from buying gold at a price above parity plus the prescribed margin. In the view of the fund a subsidy in the form of a uniform payment per ounce for all or part of the gold produced would constitute an increase in price which would not be permissible if the total price paid by the member for gold were thereby to become in excess of parity plus the prescribed margin. Subsidies involving payments in another form may also, depending upon their nature, constitute an increase in price.

Under article IV, section 4(a), each member of the fund "undertakes to collaborate with the fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations." Subsidies on gold production regardless of their form are inconsistent with article IV, section 4(a), if they undermine or threaten to undermine exchange stability. This would be the case for example if subsidies were to cast widespread doubt on the uniformity of the monetary value of gold in all member countries.

Subsidies which do not directly affect exchange stability may nevertheless contribute directly or indirectly to monetary instability in other countries and hence be of concern to the fund.

A determination by the fund that a proposed subsidy is not inconsistent with the foregoing principles will depend upon the circumstances in each case. Moreover, the fund may find that subsidies which are justified at any one time may, because of changing conditions and changing effects, later prove to be inconsistent with the foregoing principles. In order to carry out its objectives the fund will continue to study and to review with its members their gold policies and any proposed changes to determine if they are consonant with the provisions of the fund agreement and conducive to a sound international policy regarding gold.

Statement by the international monetary fund issued on December 11, 1947, for release in morning papers of December 12, 1947

The Canadian government has consulted with the fund regarding its proposed gold production subsidy and has today made an announcement on this subject. The fund has examined the present Canadian proposal in the light of its own general statement of policy published today. The fund has determined that in the present circumstances the proposed Canadian action is not inconsistent with the policy stated by the fund.

Press Release by National Advisory Council

The United States government welcomes the statement of the international monetary fund respecting measures to subsidize the production of gold. The expressed intention of the fund to keep under review the gold policies of its members in the light of a sound international gold policy is an important forward step in the field of international financial co-operation.

The United States, as a gold-buying country, has a peculiar and continuing interest in the role which gold subsidies may come to play in the production, movement and price of gold. In particular, the United States would view with disfavour any tendencies for countries to become dependent on subsidized gold production as a solution to the problem of arriving at and maintaining equilibrium in the balance of international payments.

In the view of the council there are no grounds which would justify instituting a subsidy to encourage the production of gold in this country. The present gold stocks of the United States amount to no less than $22·7 billion. In the first eleven months of 1947 gold purchased by the United States from foreign countries amounted to $2·7 billion.

December 12, 1947.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 7, respecting emergency payments to assist in meeting increased cost of production of gold.

Motion agreed to and bill read the first time.

The ACTING SPEAKER (Mr. Golding): When shall the bill be read the second time?

Mr. ABBOTT: With the consent of the house, now.

Mr. BRACKEN: I should like to ask the minister what he plans to do from now on, because we are not prepared to grant second reading of this bill without discussion?

Mr. ABBOTT: I know the hon. member for York West (Mr. Adamson) wishes to make a speech on this bill. I thought he might agree to make some preliminary observations this evening and then perhaps adjourn the debate. I am quite satisfied if he should do that, if it meets with the convenience of hon. gentlemen opposite.

Mr. KNOWLES: On a point of order, Mr. Speaker; we were asked to allow the previous stages to go through without debate so that this bill could be given first reading and printed for distribution in order that hon. members might look at it during the recess. We have not it before us. I hardly think it is fair to go ahead now with second reading and have one statement made.

The ACTING SPEAKER (Mr. Golding): Order. I have not put the motion for second reading yet. When shall the bill be read the second time?

Mr. KNOWLES: Next sitting of the house.

Mr. COCKERAM: No, right now.

Mr. ADAMSON: I realize that the house is anxious to see this bill.

Mr. KNOWLES: There is no motion, Mr. Speaker.

Mr. ADAMSON: Had you not put the motion?

The ACTING SPEAKER (Mr. Golding): Is it the pleasure of the house to carry this motion?

Mr. KNOWLES: No.

The ACTING SPEAKER (Mr. Golding): Those in favour will say "aye."

Mr. ABBOTT: I am afraid, Mr. Speaker, we can only move second reading with the unanimous consent of the house. I had hoped that perhaps the hon. member for Winnipeg North Centre (Mr. Knowles) would allow second reading to be moved. I do not think the hon. member for York West intends to make his full speech this evening. He could have spoken on the resolution stage, but I asked him to allow us to introduce the bill. It seems only fair that he should be permitted to make a few preliminary observations, but I am not in a position to insist.

Mr. ADAMSON: The principle of this bill is what I propose to discuss tonight and I propose to discuss it very briefly so that none of the hon. members will miss even the trains to the west.

I realize that the house is anxious to see this bill, but the proposal given by the minister involves a principle that we cannot let go without a statement. The principle the bill embodies is one of a bonus. It is a principle which we cannot approve. Even if it involved the payment of a large bonus per ounce on all gold production—

The ACTING SPEAKER (Mr. Golding): Allow the motion to carry and then go on.

Mr. ADAMSON: I thought it had carried.

Mr. KNOWLES: What is it you are asking the house to carry?

The ACTING SPEAKER (Mr. Golding): Second reading.

Mr. ABBOTT: Let the motion for second reading be put now and carried.

Mr. KNOWLES: The motion has not even been put, Mr. Speaker.

Mr. ADAMSON: On a point of order, I thought it had carried, that you had put the question and that it had carried.

Mr. NICHOLSON: It is difficult to hear down here.

The ACTING SPEAKER (Mr. Golding): I put the motion and the house refused to carry it.

Mr. MACKENZIE KING: May I say just a word? There is confusion as between the motion for second reading being put and calling the motion carried. All that is asked for at the moment is that the motion for second reading shall be put and then hon. members may speak on that motion. The understanding is that my hon. friend who has already attempted to speak will make a further attempt but will not go very far, and that then the matter will be allowed to stand over until we meet after the Christmas recess. Second reading will not be carried meanwhile. There will be a debate on the motion for second reading.

Mr. ABBOTT moved the second reading of the bill.

Mr. KNOWLES: I just do not like the procedure, but because it is close to Christmas I will permit it.

Mr. RODNEY ADAMSON (York West): I am pleased, Mr. Speaker, to see the house in a splendid Christmas mood.

I realize that the house is anxious to see this bill, but the proposal made by the minister involves a principle that we cannot let go without a statement. The principle of the bill embodies one of a bonus. It is a principle which we cannot approve. Even if it involved the payment of a large bonus per ounce on all gold production, and was likely to be a real help to the industry, I cannot aprove any one industry receiving a bounty at the hands of the Canadian taxpayer. Ardent supporter of gold mining as I am, I cannot and do not approve the industry becoming the ward of the state and in receipt of a public bounty.

What effect the bill would have—and that it will have any material beneficial and lasting effect is open to serious question— a better and more economically sound solution was available. The desperate plight of the gold mining industry is directly attributable to government action. This scheme of doubtful value is a straw to a drowning man. He may think it will save his life and therefore clutch at it as some members of the gold mining industry have done.

I do not propose at this time to enlarge on the suggestions I have already made to this house on the gold mining industry, and that gold should be allowed to benefit by a free and open market; nor do I propose to put on *Hansard* any of the elaborate and rather voluminous statements I have with regard to the ability of the open market to absorb the Canadian production; nor do I propose to make any statement with regard to my opposition to adherence to all the clauses of the international monetary fund; nor do I propose to say anything about the fictitious values placed on all currencies of the world by the international monetary fund, which are

very far out in a realistic approach to the true values of these currencies in the open market.

However, I want to give warning that there may be a wave of devaluation of currencies during the coming year; that it may take place before we return to this House of Commons, and that the measures set forth in the minister's statement will prove abortive either to prevent the continuing decline of the industry, to increase the output of gold or to provide an exchange stabilizer which the economy of Canada will need desperately in the coming few months.

I wish to thank you, Mr. Speaker, and the house for allowing me to continue with this debate at this time. I do not propose now to make my major statement on the bill and on the proposals contained therein. I move the adjournment of the debate.

On motion of Mr. Adamson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. ABBOTT: Mr. Speaker, there is just one other point that I might draw to the attention of the house. In *Votes and Proceedings* of today, at page (i) there appears in my name notice of a resolution, which is the usual resolution in committee of ways and means. There are two resolutions, one to cover the measure to amend the Excise Tax Act and the other to amend the customs tariff, providing for reductions in the tariff. It will not be my intention, of course, to discuss either of these measures tonight. But if the house was disposed to give unanimous consent, I would move that we formally go into committee of ways and means for the purpose of considering those resolutions. Then, as is done in the case of the budget speech, I would have the formal text of the resolutions distributed, and hon. members could have that during the recess. But there again I am entirely in the hands of the house, whatever it agrees to do.

Mr. BRACKEN: Mr. Speaker, we shall have no objection to the Minister of Finance giving us all the information he can tonight, but we would be opposed to attempting to make any progress in discussion.

Mr. ABBOTT: I would agree. I myself am not at all prepared to proceed this evening. I thought we would be that step ahead if the house agreed to give unanimous consent. It is purely formal.

Mr. COCKERAM: No, we cannot do that.

Mr. ABBOTT: I should have added that if I had not been absent yesterday, the resolutions would have been on for today. It is simply anticipating one day, if the house was disposed to give unanimous consent. I would not think anyone's rights are prejudiced.

Mr. COCKERAM: No, you have not unanimous consent.

An hon. MEMBER: Oh, yes, he has.

Some hon. MEMBERS: Yes.

Mr. ROWE: He can pass it by order in council.

EXCISE TAX ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of ways and means to consider the following resolution:

That it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That on and after November 18, 1947, there shall be imposed, levied and collected an excise tax of twenty-five per cent (25%) on the following goods imported into or manufactured or produced in Canada: (a) the following electrical appliances, grills, waffle irons; hot plates; roasters; kettles; chafing dishes; food or drink mixers; juice extractors; coffee makers; toasters of all kinds; portable humidifiers; curling irons or tongs; hair dryers; permanent waving machines and spacers or clamps; rods and heaters therefor; razors and shavers; food choppers and grinders; irons and ironers; vacuum cleaners and attachments therefor; garbage disposal units; floor waxers and polishers; (b) electric or gas refrigerators or freezing equipment, and coils, condensing or compressor units, cabinets, boxes, evaporators and expansion valves therefor; air conditioning cooling or filtering equipment, and complete parts therefor; oil burners and oil burning equipment; all the foregoing when adapted to household or apartment use or when for use in places of entertainment, amusement or recreation, including rinks, auditoria, halls and clubs; (c) articles and equipment designed for use in golf, tennis, badminton, squash, racquets, polo, billiards, pool, bowling and curling; fishing rods and reels; (d) firearms except for military or police purposes; (e) engines or motors for use in boats or vessels, except when the boats or vessels are to be used exclusively in commercial or industrial enterprises; (f) outboard motors; (g) motorcycles, and all other two- or three-wheeled motor-driven vehicles including motors for attachment to bicycles but not including vehicles designed for use by invalids; (h) musical instruments of all kinds, not including organs for churches; (i) projectors for slides, films or pictures designed for industrial or professional photographers' use; and (j) toilet articles of all kinds, including combs, mirrors and brushes except tooth brushes, not coming within any other item in schedule one of the said act.

2. That on and after November 18, 1947, the rate of excise tax on automobiles adapted or adaptable for passenger use with seating capacity for not more than ten persons each, imported into or manufactured or produced in

Canada be increased from ten per cent to the following rates, namely, on automobiles valued at $1,200 or less, 25 per cent over $1,200 but not more than $2,000, 25 per cent on $1,200 plus 50 per cent on the amount in excess of $1,200; over $2,000, 25 per cent on $1,200 plus 50 per cent on $800 plus 75 per cent on the amount in excess of $2,000.

3. That on and after November 18, 1947, the rate of excise tax on phonographs, record-playing devices, radio broadcast receiving sets and tubes therefor, be increased from ten per cent to twenty-five per cent.

4. That on and after November 18, 1947, the rate of excise tax on cameras, photographic films and plates, projectors for slides, films or pictures, except those designed exclusively for indusrial or professional photographers' use, be increased from ten per cent to twenty-five per cent.

5. That on and after November 18, 1947, electricity and gas used in dwellings be exempt from consumption or sales tax; and

6. That on and after November 18, 1947, the excise tax of one per cent per pound on sugar, grape sugar, glucose, sugar syrup, corn syrup, etc., be repealed.

Motion agreed to and the house went into committee of ways and means, Mr. Golding in the chair.

Mr. ABBOTT: I move that the resolution stand and that the committee rise, report progress and ask leave to sit again.

Progress reported.

CUSTOMS TARIFF

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of ways and means to consider the following resolution:

That the customs tariff be amended to provide:

1. That on and after November 18, 1947, the duty on coffee, green imported direct from the country of growth and production or purchased in bond in the United Kingdom (imposed under tariff item 28) be, in the case of the intermediate tariff, reduced from a rate of three cents per pound to two cents per pound; and

(2) That on and after November 18, 1947, the duty on tea, imported direct from the country of growth and production, or purchased in bond in the United Kingdom or in any British possession (imposed under tariff item 28a) of four cents per pound in the case of the British preferential tariff be removed and in the case of the intermediate tariff be reduced from a rate of eight cents per pound to two cents per pound.

Motion agreed to and the house went into committee of ways and means, Mr. Golding in the chair.

Mr. ABBOTT: I move that the resolution stand and that the committee rise, report progress and ask leave to sit again.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: I move that the house do now adjourn.

Mr. BRACKEN: Before that motion is put, may I ask the Prime Minister or the Minister of Finance one question? It has to do with the government's proposal with respect to the loan of $300,000,000 from the export-import bank? Will that require legislation? If so, what; and when will it be brought forward?

Mr. ABBOTT: I am not in a position to give my hon. friend a definite answer now, but I think it will not require legislation. I think the borrowing authority which we now have is sufficient to enable us to do it. But if not, if it is exhausted—although I am not quite sure about it at the moment—we might have to come to the house for additional authority.

Mr. BRACKEN: At the moment you have no plans for bringing in legislation with respect to that?

Mr. ABBOTT: No. We will not bring it up, of course, if it is not necessary. If our borrowing authority is sufficient, we shall not need to; but if it is not, we shall. But that will be determined before the resumed session.

Mr. ROWE: It likely will be needed by that time.

Motion agreed to and the house adjourned at 10.10 p.m. until Monday, January 26, 1948.