

Mr. PERLEY: Is there then a uniform system of differentials throughout all the packing plants?

Mr. GARDINER: Yes, there will be, at a given point. The price will be different in Winnipeg from the price in Toronto, but at each point the price is uniform. The differentials are the same throughout.

Mr. PERLEY: How has it worked out since the change was made on April 10? Is it working to the satisfaction of the producers and those marketing hogs?

Mr. GARDINER: Of course the system has not been in operation very long, but up to date there have been no complaints with regard to it.

Mr. PERLEY: Then would the minister say that the system of grading is generally satisfactory throughout Canada?

Mr. GARDINER: Yes, I would think so.

Mr. HLYNKA: I raise no particular objection to the way things have been handled or the way they have been going on during the war period. I believe most of us will agree that in times such as at present it is not so easy to handle everything to the satisfaction of everyone. At the same time we should seek to eliminate all the irregularities and irritations which may be found in the present system in regard to the production and sale of meats. As most hon. members of this committee are aware, I am not an advocate of the nationalization of industry. At the same time I would point out that prior to the war the profits which accrued from the sale of bacon and beef, in particular, went perhaps more to the plants and less to the producers themselves. I have in my hand a pamphlet entitled, "Price Spreads and Profits in the Pork Packing Industry". At page 6 I find this interesting paragraph. This pamphlet was published in 1941—

Mr. MITCHELL: By whom?

Mr. HLYNKA: By John Proskie, B.Sc. (Agr.), M.A., agricultural economist; it was published in Edmonton. I believe that the figures quoted were taken from those issued by the minister's own department and the bureau of statistics. This is what Mr. Proskie has to say:

During the period 1923 to 1939 inclusive, a seventeen-year period, the packing plants in Canada fulfilled the function of slaughtering and processing in their plants, 84,411,009 animals, which were valued at \$1,663,251,100. The average fixed and working capital used by the packers to carry on this colossal business was approximately \$58,000,000, of which approximately \$30,000,000 was fixed in the form of land, buildings and equipment, and the balance in workable capital. The gross return on capital realized by the packers during the seventeen-year period, after labour, manage-

ment and cost of animals and materials was paid for, was \$272,085,154, or an average of \$16,005,009 per year. Taking into account the total number of animals killed and taking the gross profits into account, it averaged at \$3.22 per animal, a fairly substantial spread, after labour, management and cost of materials used were paid for.

It seems to me that prior to the war something should have been done to see that the farmer and not the packing plant was the beneficiary. It is all very well to speak about the marketing situation and the production of meats during a war period, and the minister has painted a fairly rosy picture of the situation which some people may take at its face value. But on looking through the *Financial Post* of May 20 I find an article by Kenneth Wilson, Ottawa correspondent, who went to Great Britain to see for himself how things were going on in connection with marketing. He makes this statement:

One authority with whom I talked expects that two months after the European war Denmark will be ready to negotiate with Britain on post-war bacon sales. The same authority thought the Danes would be in the British market in a big way within two years of war's end.

Farther down he says:

They emphasize one important point, seldom discussed in this country: namely that Denmark will always have the edge on Canada, so long as the bulk of Canadian export bacon comes from grain-fed hogs and has to compete with Danish bacon which is complementary to a dairy industry.

And he makes this statement:

The important point is that Canadian bacon, as now delivered in Britain, does not, in the view of the trade, rank as high as that of Denmark, even in spite of the strides made in the Canadian industry in recent years.

He gives the figures of our exports down to the end of 1943 and goes on to say that we may be able until the end of the war to sell about 400,000,000 pounds annually. He then says:

Some of the big distributors with whom I talked remarked on the deterioration in quality of Canadian bacon.

On more than one occasion the members of this committee have heard the minister express the view that the Canadian farmer was holding his own in this particular field. As a matter of fact many Canadian farmers are being docked for overweight in order that a better grade of bacon may be produced. When that happens it is rather discouraging to read statements of this sort.

Mr. MITCHELL: Is Mr. Kenneth Wilson an expert on agriculture?

Mr. HLYNKA: I do not know Mr. Kenneth Wilson personally, but the way in which he sets out his information in this article—

Mr. MITCHELL: What paper?