

the money that has been expended by the dominion? If so, what amount has been collected, say up to March 31, 1944?

Mr. ILSLEY: Does the hon. member mean altogether, or for the one year?

Mr. MARSHALL: I should like to have it for last year, and if the minister has the total to date I should like that as well.

Mr. ILSLEY: I have not the figures here; I have seen them, but I would not like to give them from memory. It is true that some money has been collected from estates of deceased pensioners, of which seventy-five per cent has been paid to the dominion government.

Mr. MARSHALL: Would the minister bring down those figures? I should like to have them.

Mr. ILSLEY: I had better send them to the hon. gentleman; there will not be time to bring them down during this debate.

Mr. MARSHALL: All right; thank you.

Item agreed to.

Payments to millers and other manufacturers of wheat products, \$15,000,000.

Mr. ILSLEY: I wish to make a statement on this. A statement never has been made to the house, and I feel that the country is indebted to the millers for the cooperation they have given in this matter.

These payments relate to the maintenance of the price ceiling, but are shown separately because they are administered by the Canadian wheat board on behalf of the Minister of Finance. As hon. members are aware, flour prices are not permitted to rise above those prevailing in the base period, September 15 to October 11, 1941. Wheat prices, however, have not been subject to the same degree of control; and when in August, 1942, the Canadian wheat board initial price was raised to ninety cents for No. 1 northern in store, Fort William, flour millers were subjected to a serious squeeze. After an investigation by the wartime prices and trade board into milling costs it was decided to make payments to flour millers and other manufacturers of products using western wheat in respect of their domestic sales at a rate equal to the difference between the average monthly price of No. 1 northern wheat and 77½ cents, which was the highest price recorded in the base period when flour ceilings came into effect. This basis of payment was in effect for the year beginning August 1, 1942.

An important change in the basis of payment was made on August 1, 1943. It had been recognized that millers could not be

expected to produce flour for sale in the domestic market if they were unable to obtain western wheat at prices appropriate to the flour ceilings. Some mills, however, as a result of war conditions, were enjoying very large and increased export business, which enabled them to earn excess profits. Most of these increased exports are for Britain and are being financed, in part at least, by Canada. Under these circumstances it was difficult to justify payments to mills earning excess profits even though such profits may be attributable to the export business. After discussions with most of the mills principally affected it was decided to continue payments on the same basis as in the previous year but subject to the refund of any payments contributing to profits taxable at the rate of 100 per cent under the Excess Profits Tax Act. The net effect of this is that the mills will sacrifice the twenty per cent refundable portion of the 100 per cent excess profits tax on any government payments that would have contributed to profits in excess of 116⅔ per cent of standard profits.

I always intended to say on some occasion, and I want to say now, that I greatly appreciate the cooperation the millers have given the government in this matter.

Mr. ROSS (Souris): This item of \$15,000,000 is for 1944-45, but there is no item in the 1943-44 column. I was not quite able to follow the minister's statement, in view of a return which was brought down on March 6.

Mr. ILSLEY: The allocation took place in August, for some reason or another. I do not know why there was not some allocation in the spring, at the time we presented our war appropriation for 1943. That is the point the hon. gentleman is making, is it not; that there was no allocation last year with which to compare it?

Mr. ROSS (Souris): Yes.

Mr. ILSLEY: It may be that we expected that subsidy to come out of the subsidies payable by the wartime prices and trade board. That is the explanation which occurs to me.

Mr. ROSS (Souris): It would be the Commodities Prices Stabilization Corporation?

Mr. ILSLEY: We expected that would be the source of the subsidy, but the wartime prices and trade board did not do it under the corporation, so that later in the year we got an allotment out of the war appropriation, which does not show in the figures presented to the house in the spring of 1943.

Mr. ROSS (Souris): Is it expected that this \$15,000,000 will take care of all subsidies for the next calendar year?

Mr. ILSLEY: Yes.