

has come to my notice within the last few days. It is so apposite to present-day conditions that it seems to me as if it had been written yesterday. I shall translate it for the benefit of honourable members generally, though I should prefer to give the French text, because a translation sometimes fails to convey the spirit of the original. This is the article:

President Hoover after the New York Exchange crash said: "It is nothing; our economic fabric is healthy; prosperity is around the corner." But Mr. Hoover soon had reason to wonder whether he had not mistaken the boom for normal times, and the return to normalcy for the accident.

The world presents a queer spectacle: twenty million farmers who want to sell their wheat to buy clothing and shoes, and twenty million unemployed who would like to continue to produce clothing and shoes in order to buy wheat and bread. Asia is starving. The Occident, with the machine, is producing more and more. The disorder is solely in the matter of exchange. The United States refuses to exchange with other countries. It stands behind a barricade. Why is exchange, which represents ninety per cent of American activity, paralysed in the home market? The reason is that to-day the rural parts, like the cities, are producing at full swing for unknown needs. Wheat production for export has doubled since the war. In industry the term for payment of goods bought on the instalment plan was extended to two years, and autos, radios, frigidaires, and other articles were sold on that basis. This system was recently exemplified by an illustrated paper published in New York, which showed a father looking at his new-born and saying, "In two years it will be ours."

One hundred and twenty million pairs of feet need yearly but three hundred million pairs of shoes; the production is nine hundred millions. Forty-four per cent of the population live on the land. They form a most important group of the clients of industry. They were the first to be hard hit—wheat at \$1.40 in 1925, at \$1 in 1929, and down to 42 cents in 1933.

While natural products were losing three-quarters of their market value industry was producing at its maximum. Hence the crash on the stock exchange. Then the State intervened: the Farm Board started buying so as to maintain prices by withdrawing from the market an important quantity of wheat and restricting the play of supply and demand to a diminished stock. The result was an increase in acreage.

I draw the attention of the Senate to this fact: once you maintain or raise the price of a commodity you do not discourage production; you encourage it, even though there be already over-production.

Increased production forced prices down. Two years were lost before the policy of reducing production was adopted. The same operation was carried on with cotton.

In the meantime what was industry doing? President Hoover suggested that salaries and wages be maintained. Industrial products were not reduced in price and were not made accessible to the rural population, whose purchasing power had diminished. Salaries and wages remained fixed as per dogma; interest on capital and rentals as per contract; taxes as per necessity.

If manufactured goods had come down to the same degree that natural products did, exchange would have been carried on at the low level, just as it previously had been carried on at the higher level. But the deferring of the levelling process has prolonged the crisis. Salaries and wages are double what they were in 1913; the prices of natural products have been cut in two. As a result, in exchange for one hour of industrial labour, the farmer must give four times as much of his product as he gave before. The maintaining of the wage level is equivalent to increasing it, and increases unemployment. To increase customs duties is to widen the chasm that must be crossed before equilibrium is restored.

All this gives one considerable food for thought. If this over-production is a permanent thing, as the Prime Minister of Canada says it is, then it is normal, and if that is so it is a condition which must be met. It can be met, not by increasing prices, but only by allowing the law of supply and demand throughout the world to come into play. When it no longer pays to produce an article nobody will be interested in increasing production. So, if it is true that we have permanent over-production in wheat, I say we must face the situation like sensible people, and I wonder if the conclusion is not to be drawn from some of the premises in the article which I have read, that sooner or later we must all agree to accept a lower scale of living, as we did fifty years ago.

Right Hon. Mr. MEIGHEN: Honourable members, I do not think I take issue with the economics embodied in the article of the distinguished French citizen which has just been read. I do not think it follows, however, that we must return to the low standard of twenty-five or fifty years ago. There is no need for that when, through the mechanisms of our time, production has attained such vast dimensions.

But the real subject before us is the Grain Bill. It may be that Mr. McFarland's judgment in handling the very difficult task which he had to perform did not prove errorless. Much that might be said on the other side is not said, because there is an election at hand. Mr. McFarland was faced with the fact that wheat prices were the lowest in five hundred years. Our West is so dependent upon wheat that a contempla-