

of cattle, for many of those who are relying upon cattle for their returns in connection with their farming operations.

The position in connection with dairy products is that we can dispose of all the cheese we care to produce or that we are likely to produce in Canada at the price at which we are now selling it to Great Britain, namely, at 14·4 cents, beginning on the first of April. We shall be selling it at 14 cents up to April 1, but after that date at the rate of 14·4 cents. Great Britain will take practically all the cheese we can produce in Canada for export. I think she will take all we can produce.

The reason for the price of 14·4 cents is this: Great Britain has an agreement under which she takes all the cheese New Zealand can export, and she has an agreement under which she gets that cheese at a certain price. We have always had a premium of between two and three cents a pound for Canadian cheese over that received for New Zealand cheese. When the normal premium is figured on top of the New Zealand price, it works out at 14·4 cents.

Since we made arrangements with Great Britain in connection with this agreement, some people have asked why we accepted a price of 14·4 cents. Other people have put it in another way and have said that 14·4 cents is all right for Great Britain to pay, if that is all she can pay, but that the farmer cannot get along on that price. All I wish to say in that connection is this—and without quoting a price at all: At the end of the last war we started a chain of difficulties for cheese producers in this country by being critical of a price, if not refusing to accept a price, which in any year between then and now would have been considered as a fairly high price. We refused to accept for cheese a price offered to us by the British government, and we withheld deliveries rather than deliver at that price.

Mr. HANSON (York-Sunbury): What was the price?

Mr. GARDINER: It was somewhere around 20 cents. I have forgotten the exact figure, but it was somewhere between 18 and 22 cents. But we were not prepared to accept that price. New Zealand on the other hand was prepared to accept the price offered. If one follows the statistics with regard to cheese production and delivery from Canada to Great Britain, and cheese production and delivery from New Zealand to Great Britain from that time to the present, or to a time about five years ago, he will find that New Zealand was

[Mr. Gardiner.]

gradually, from year to year, creeping up in her deliveries to Great Britain, and that from year to year we were gradually going down.

In the last three or four years we have been gradually creeping up again. In 1935 we delivered 54,000,000 pounds.

Mr. SENN: The lowest ever.

Mr. GARDINER: Yes. Last year we delivered 91,000,000 pounds, or the highest amount we had delivered for quite a number of years. This year we have contracted to deliver 112,000,000 pounds, and that will be very much higher than we have delivered for a number of years.

In dealing with cheese we have attempted to encourage production. That encouragement was given for a period of two years before the war, and for the year since the war began, by paying a premium on 93-score cheese of one cent, and a premium of 2 cents on 94-score cheese. Speaking again from memory, I believe figures I gave to the house at the time the premium was allowed, showed that about 42 per cent or 43 per cent of cheese in Canada was 93 or 94-score. To-day it is 62 per cent. In other words, the paying of the premium, along with the effort of the farmer himself to improve his quality, has resulted in our obtaining a very much higher production of 93 and 94-score cheese than we had previously.

But since the agreement came into effect we have found this further result: Instead of the farmer who produced 93-score cheese getting 14 cents, he was getting 15 cents; and the man producing 94-score was getting 16 cents. This year we have added three-fifths of a cent to the British price, making a flat price of 15 cents on all cheese delivered to Great Britain. The premium of one cent still remains, which means that those producing 93-score get 16 cents and those producing 94-score get 17 cents. That is true right across Canada.

Seventy per cent of our cheese is produced in Ontario. The greater part of the remaining percentage is produced in Quebec. Some is produced in the maritime provinces, and a comparatively small amount in Alberta and Manitoba. Eighty per cent of all the cheese going to Great Britain comes out of Ontario, and it takes the greater part of that 62 per cent which scores 93, or better, to supply the British market.

With that picture before us, I should like to say something with regard to encouragement given to farmers to produce farm products, and particularly dairy products. There are certain areas in Canada which are very well constituted as dairy sections, and