

Sir GEORGE FOSTER: The situation seems to me to be exactly this: The Government undertook to and did appoint a wheat board. As every individual farmer cannot market his grain, the wheat board steps in and markets the whole of the wheat received from the farmers of Canada. It does it on this basis: Using the best of our judgment, we will promise you and pay you an initial payment when the wheat is delivered. It is not a fixed price. The Government never fixed the price of wheat this last year. It is a preliminary payment arrived at and recommended on the judgment of the wheat board.

This year it was \$2.15 on the basis of No. 1 Northern at Fort William. Now, the contract with the farmer is this: that the Wheat Board markets his wheat to the best advantage, gives him an advance payment of \$2.15, and at the end of the season—when it has marketed the crop, received the payment, and paid the expenses—it pays to the farmer what is owing to him this year for this year's crop and not for next year's. It could not therefore go as a guarantee against next year's crop. This is the due of the farmer for last season's crop, and we would not have any right at all to mortgage that to pay the losses of another set of farmers for another season's crop. That would not be fair; my hon. friend, I think, will see that. Every tub must stand on its own bottom; that is the old saying. The tub that is standing on its bottom now is the tub containing the farmer's wheat for last season's crop. The next tub, if there is to be one, will contain the wheat that is raised this coming season and the proceeds will go to the farmers who raised that wheat. I think my hon. friend will see that it would not be right to expropriate the farmer's profits for last season's crop in order to guarantee against losses for next season's crop; and it is eminently fair, taking everything into account, that it is the wheat basis itself which must father its existence, and if it found out later that it is absolutely necessary that the Government shall call into effect this board, then it will be the proof that in the mind of the Government no other way as good to get the farmer's wheat into the market could be found, and that therefore it is eminently to the interest of the farmer that a mode of operation should be put into force and should get for him the best that is possible to be got.

Mr. SINCLAIR (Guysborough): Will the minister say where the board get the money to pay the advance of \$2.15 to the farmer?

[Mr. Robb.]

Sir GEORGE FOSTER: The board gets in this way: When my hon. friend goes to his bank and says, "I want an advance of \$100 or \$500, or two or three million dollars" (as my hon. friend might be in a position to—I do not know), the bank will say to him, "Morally you are a good creditor. What are you going to do with your advance?" and you tell them "I am going to buy and sell wheat." However good your moral standing, and whatever securities you may have otherwise, that bank will probably say to you, "Have you any contracts for wheat, or are you simply trading on your optimism in the belief that you will be able to get a contract somewhere?" You show them your contracts when you get them, and if your contracts are all right and the security satisfactory they will say, "You shall have your advance up to a certain amount." That is what the Wheat Board, backed by the Government, was able to do. It was able to say to the bankers, "Make an advance to the Wheat Board on the security of the farmers' wheat up to a certain amount." The initial credit was given, and this wheat was sold and this money came in. The money was not in the pockets of the Wheat Board individually; it was passed back to the banks; and for all the subsequent operations of the Wheat Board, after the initial start was given to it, money flows in constantly, and consequently the absolute advance by the banks is an infinitesimal amount to be taken into account.

Mr. SINCLAIR (Guysborough): We are back in the same position where we were before. The banks advance the money on the credit of the Government. They do not advance the money to an irresponsible Wheat Board but they advance it to the Government of Canada and if, when the wheat is sold, in place of bringing \$2.15 in the market it brings only \$1.02 or \$1.50, then the Government will have to implement the difference between the price the wheat has sold for and the advance they made to the farmer, so that the Government is incurring a very serious and heavy liability in this matter, whereas the minister told me a few minutes ago that the Government was not incurring any liability.

Sir GEORGE FOSTER: The Government to the extent that I have spoken of, as starting the initial arrangements, incur a responsibility. Two things come in. In the first place we have the good sense and judgment of a board which has a primary and pretty efficient knowledge of the whole