

Mr. KENNEDY:

1. Does the Minister of Agriculture propose calling a commission to discuss the swine policy of the Dominion?
2. If so, when, and why is such a conference necessary?
3. Have the invitations for a conference gone out? If so, to whom, and has any provision been made for members of parliament for representation at the conference?
4. What will the conference aim to accomplish for the hog raisers and hog feeders?
5. Have the packers submitted a report to the minister or to the department on the present marketing situation? If so, will the minister lay a copy of this report on the table of the House?
6. When was the conference held at which it was decided to pay the ten per cent premium, and was it understood at this conference that the ten per cent premium would be permanent?
7. In view of the official statement by the government some time ago to the effect that bacon grading would be placed under government regulations, what has been done to develop such regulations both in regard to bacon for export and for distribution to the retail trade of Canada?
8. Are any experiments being conducted or is a definite study of the system of distribution in Canada under way at the moment which would likely provide information for the further development of a bacon policy in Canada provided fixed differentials have to be discontinued?
9. Have the packers been active in endeavouring to popularize the discontinuance of the ten per cent premium?

Hon. Mr. MOTHERWELL:

1. Yes.
2. (a) The conference is called for April 22 and 23. (b) In view of the fact that the agreement between the packers, the producers and the departments of agriculture was arrived at in a general conference, it has seemed to the Department of Agriculture to be advisable to call a similar conference to further discuss the whole situation, in view of the packers having given notice that they propose to discontinue the payment of the ten per cent premium.
3. Yes, the invitations were sent to the following:
 Provincial Ministers of Agriculture: Hon. Mr. Stewart, Charlottetown, P.E.I.; Hon. Mr. Walker, Halifax, N.S.; Hon. Mr. Smith, Fredericton, N.B.; Hon. Mr. Caron, Quebec, P.Q.; Hon. Mr. Martin, Toronto, Ont.; Hon. Mr. Prefontaine, Winnipeg, Man.; Hon. Mr. Hamilton, Regina, Sask.; Hon. Mr. Hoadley, Edmonton, Alta.; Hon. Mr. Barrow, Victoria, B.C.
 Swine Breeders associations: R. W. Wade, Canadian Swine Breeders Association, Truro; F. L. Fuller, Maritime Stock Breeders Association, Truro; A. Morin, Quebec Swine Breeders Association, Quebec; R. W. Wade, Ontario Swine Breeders Association, Toronto; J. E. Rettie, Manitoba Swine Breeders Association, Brandon; R. G. Robertson, Saskatchewan Swine Breeders Association, Regina; W. J. Stark, Alberta Swine Breeders Association, Edmonton; G. Pilmer, B.C. Swine Breeders Association, Victoria.
 Live Stock associations: D. Brien, Eastern Canada Live Stock Union, Ridgetown; K. Learmonth, Western Canada Live Stock Union, Regina; J. W. Ward, Canadian Council of Agriculture, Winnipeg.
 Co-operative organizations: J. J. Morrison, U.F.O., Toronto; Secretary, United Farmers Co-operative, Toronto; F. Bateman, U.F.A., Calgary; E. Rice-Jones, U.L.G., Winnipeg; J. A. Paquet, Co-operative Federes, Montreal.
 Railways: W. J. Black, C.N.R., Montreal; J. S. Dennis, C.P.R., Montreal.
 Live Stock Exchanges: A. W. Burrell, Edmonton; J. C. Paulin, Calgary; J. O. Hackney, Moose Jaw; F. P. Bugee, Winnipeg; W. H. Shields, Toronto; M. G. Donovan, Montreal (Point St. Charles); J. E. Fauvreau, Montreal (east end).
 Meat packing establishments: S. E. Todd, Toronto, Ont.; Canadian Meat Packers, Toronto; Sims Packers, Ltd., Charlottetown, P.E.I.; Davis & Fraser, Charlottetown, P.E.I.; Gainers, Ltd., S. Edmonton, Alta.; P. Burns & Co. Ltd., Calgary, Alta.; Eastern Abattoirs Ltd., Montreal, P.Q.; Gunns, Limited, Toronto, Ont.
 No special provision has been made for members of parliament for representation at the conference, but there will be no objection to any member attending if he is interested.
4. The conference will be invited to consider the future of the hog industry, having in mind its continued improvement and its present relation to world markets.

(b) A copy of this report is attached.

(a) The original swine conference was called on November 2nd and 3rd, 1921. (b) The resolution as passed at the 1921 conference reads as follows:

Resolved that all interests represented at the conference agree that the future of the Canadian hog industry depends upon the production of a minimum premium of ten per cent should be paid for hogs suitable for the production of Wiltshire bacon.

There was considerable discussion about the permanence of the premium on the part of producers' representatives, the opinion being voiced that it might be temporary. Following this discussion Mr. Fox of the Wm. Davies

Company made the statement in discussing the matter that he saw "no reason why the premium should not be permanent." Another statement made by Mr. Fox was "I myself have no doubt that it is going to last indefinitely." Following Mr. Fox's remarks Mr. McLean, Harris Abattoir Company stated as follows: "The most important thing that Mr. Fox said in supporting the resolution was that our interest at any rate lies along the line of this being not for six months or a year but forever." Following this discussion an opportunity was given to the packers to express themselves individually. The packers intimated that they were in accord with the motion. It was then put to the meeting and carried unanimously.

7. Tentative plans were outlined some three years ago with the view to providing for the official grading of bacon for export, but for reasons which seemed good at the time, these were not put into effect. With regard to the retail trade in Canada no official action has been taken in this direction.

8. Informal investigations of this subject have been made.

9. No information.

Copy of Packers' Statement Submitted at Recent Meeting of Packers' Representatives, Joint Swine Committee and Government Officials

At a conference of all parties interested, held in November of 1921, plans were made to encourage the production of the kind of hogs required to supply the British market with the best quality of hogs.

Two specific actions were agreed upon, the one interlocking with the other. The first was that market hogs should be divided into grades by Dominion government graders. The second was that where differences in price were paid for the various grades such differences should be on a minimum basis of ten per cent over the grade of "select bacon" hogs over the second grade, the "thick smooth" hogs. Thus the "thick smooth" grade became the basis grade for pricing purposes. Price differentials for the other grades were left to market conditions to establish. The policies adopted were, of course, purely experimental, no one having exact knowledge of how they would work out in practice. The understandings arrived at could not then, and cannot now, be looked upon as being permanent.

As the policy was put into operation two big factors began to emerge that complicated the carrying out of the understanding.

1. It had been hoped that the premium of 10 per cent was to be a minimum premium and that it would be widened. But as the general quality of the hogs improved the difference in value between the "select" and the "thick smooth" grade narrowed instead of widening, owing to the better quality of the latter grade. Thus, whereas in the beginning there was a wide difference in value between the average quality of the "thick smooth" grade and the "select" which might have been 10 per cent premium the improvement of the "thick smooth" grade tended to narrow the difference in value to a point below 10 per cent. The premium which we believe was always recognized as an artificial and arbitrary figure adopted for the purpose of encouraging improvement became more artificial as time went on.

2. It was found if not impossible certainly impracticable to more than partially organize the sale of hogs by farmers in such a manner as to have each farmer paid for his hogs according to quality produced. As the whole object of the policy was intended to do just that thing, the whole effort was weakened to the extent that the plan failed to accomplish its object, i.e. the payment of the individual farmer for his hogs according to grade.

Other difficulties might also be cited, such as conditions at Montreal where because very few of the hogs were used for the British trade a scheme intended to operate mainly in connection with this trade was very difficult to apply and finally when applied functioned only in an arbitrary manner and is practiced only by a few of the total number of operators on the Montreal markets.

But in spite of the difficulties encountered the effect has undoubtedly been to direct the efforts of all farmers in Canada to the production of a better quality of hogs. Even

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in the districts where hogs were bought on grade the hope that by the production of a better article more money might be received for it has been a factor sufficiently strong to effect improvement. By modifications which would have placed price differentials on a more natural basis and by organization in other ways most of the difficulties that were encountered probably could have been overcome. But seven or eight months ago a catastrophe overtook our industry which could not be foreseen or the full effects measured until some months after it began to operate. It is now only too plainly evident that a number of factors working together have at least for the time being ruined our trade with Great Britain. It came so suddenly and its effects were so severe that hogs the exporting packing plants could determine what to do had cost the packers several millions of dollars and resulted in a most severe drain on their finances.

During the greater part of the year 1922 and 1923 the margin between the cost of feed in America to produce hogs and their selling price has been very wide, the profit over the cost of feed running from \$7 to \$10 per hog on a 200-pound hog. Thus even countries that had to buy their feeds from us could easily increase production, and undercut us on the British market without loss and indeed, until lately, at a fair margin of profit. The general level of prices for bacon and hogs has been for years, excepting for short periods, quite high and this has encouraged such poor countries as the Baltic states of Europe to go into the bacon business. But the main factors that brought about the sudden collapse of the market was due to causes that originated in Britain. These were the

TABLE OF PRICES

Hog Prices Toronto	Cost of Wiltshire	Selling Price	Loss or Gain Per Cwt
\$15.22	121/-	115/-	*16/-
15.00	119/-	122/-	*3/-
15.21	120/-	120/-	0/-
16.57	127/-	127/-	0/-
16.42	135/-	112/-	*23/-
13.98	125/-	120/-	*5/-
14.08	115/-	114/-	*1/-
14.18	116/-	115/-	*1/-
18.69	123/-	105/-	*8/-
11.62	101/-	95/-	*6/-
12.55	103/-	97/-	*6/-
12.70	106/-	87/-	*21/-
11.37	100/-	86/-	*11/-

Thus the losses mounted with astonishing rapidity. Canadian packers loath to abandon their natural market held on long after they should have curtailed their shipments. Finally, their finances drained to the limit, they have had to almost abandon the British market, at least for the present. With the collapse of the British trade, packers have been forced to seek other markets, mostly in the United States. But in these markets our special type of hog receives no special consideration. Temporarily, the British trade, when used for its special purpose, the British trade, sells at a greater loss than the other grades when they are used in the domestic trade or exported to the United States. In the domestic trade both the "select bacon" and the bacon type "thick smooth" hogs are superior to the fat type and poor quality thick smooths and the other grades. In the United States markets there are practically no differences in value for any of our grades of hogs, except of course, roughs, soys and stags.

Thus 10 per cent premium, always artificial, and even with normal conditions in the British market, becoming somewhat difficult, has now become impossible except under special conditions. Where production conditions are such that the percentage of shags, heavies, etc. allow of deductions that balance the premium the system though not justifiable might possibly be maintained were it not for the export of hogs to the United States. Buyers for these markets not being able to realize any difference in value for the different grades avoid offerings of hogs with any considerable percentage of "selects" or pay a flat price for all grades. In the district and for the shipments of hogs having the biggest percentage of "selects" the greatest difficulties have arisen. It must be recognized that where the biggest percentage of "selects" are produced the hogs as a whole are of superior quality, so that hogs in these districts really are worth more for the domestic trade. But while this is true, nevertheless it is largely a fact that the bigger the percentage of "selects" the bigger the loss to the export packer if paid for on grade. Thus in Ontario, where the biggest percentage of "select" hogs are produced and which is also in close proximity to the high priced eastern United States market at Buffalo the situation has been most acute and the buying of hogs on grade has largely collapsed. The effect of buying in competition with a certain amount of buying on grade has been to produce unfortunate anomalies. The hogs of southwest Ontario are from the standpoint of our domestic market our poorest hogs, but are accepted on the Buffalo market at the highest price for their weights of that market. Prices for Ontario hogs are largely being based on the price of southwest Ontario hogs and "thick smooths" throughout the rest of Ontario must be merely equal to the flat price of "southwest" hogs. Thus the extra cost of "selects" is badly out of line with the general value of products. In the west, the same condition exists but because the percentage of "selects" is generally low and the "outweight" grades comparatively high it has been possible to maintain to a great extent an artificial condition.

of fresh pork imports from Holland and the weakening of the purchasing power of consumers through the effect of the great anti strike. The embargo took effect in June and in the ensuing six months Holland turning from the fresh pork trade to cured bacon sent over 30,000,000 pounds to the British market. The Baltic states increased their exports during 1922 over 1921 by about 31,000,000 pounds. This flood of European bacon coming on top of the greatly weakened buying power of the people caused prices to collapse.

In the United States and Canada, however, hog prices did not follow the course of bacon prices in England. Hog production in the United States was away below normal and prices remained far above the relative values of bacon in England. It is this situation that has been the biggest factor of all in forcing Canada out of the English market. Packers hoped for some time that it could not continue and that the high prices for hogs in the United States would increase production, but there does not now appear to be any quick solution of the problem by this means.

For a short period during the early part of 1923 bacon prices justified high prices for hogs in Canada. It had been a common experience of our packers to have prices of bacon drop below hog values and then come back again. If packers were hopeful of the situation hog prices often did not follow these drops in bacon values. So after bacon prices began to drop in 1923 hog prices carried along at an unjustifiable level, creating excessive losses which might have been minimized if the progressive nature of the decline could have been realized at the start. Finally hog prices came into line with prices in the United States. But the decline in bacon prices was so great that the loss was as serious as ever.

What then is to be done about it? There does not appear to be any prospect of a quick return of normal production in the United

States. There is also the possibility that the corn borer will make serious inroads in the United States corn belt within the next four or five years. The Baltic states of Europe will undoubtedly try hard to maintain their output. Poland has a population of about 28,000,000, largely agricultural, which must be reckoned with. Holland being a dairy country will continue a very considerable hog production and there is no reason to suppose that she and Denmark will not be able to maintain their present efficiency.

On the other hand sooner or later Europe and America must arrive at corresponding levels of prices for hogs and pork products. Before the war our European competitors were large producers of hogs, a great part of the products being absorbed by Germany, France and Austria. As these countries return to normal industrial activity this condition must eventually return. After all hog production cannot exceed grain production. Formerly Denmark, Holland, Sweden and Germany purchased much of their hog feeds from Russia, Transylvania and Roumania. If any of these countries now go into hog production it reduces the grain available for export. It does not seem that Europe, unless it increases its grain production, can as a whole greatly increase its hog production. Temporarily the British market may be loaded with European product. Lastly, it does not appear that the United States will for some years at least be a natural market for our hog products. When normal production returns they will not longer want our hogs. If our hogs at any time are a menace to the United States farmers they will probably close them out by raising the tariff. We now have to pay a duty of 1 cent per pound on live hogs, 1 cent on fresh pork and 2 cents on processed pork. Thus our prices have to trail after the United States prices and if prices in the United States go down to something near their cost of production they will be below our costs which will force us to return to the British market.

So at least until the time comes when we can see the future more clearly we cannot afford to lose sight of the British market. Up to the present time almost the total burden of the struggle to maintain connection with that market has fallen on the packers. Are our farmers prepared to do something to maintain the possibilities of a return to that market? All that is required is to continue the present policy of breeding the bacon hogs. This will not cost anything as our hogs will sell at least on a par with the American hog. Suppose that at the worst the bacon bred hog brings no premium, by maintaining his blood lines the farmer will be able to return to the British market whenever the time is opportune.

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