

iron ore for the first eight months of 1955 were more than \$50 million compared with \$15 million for the same period of 1954. Exports of primary and semi-finished steel rose from \$20 million in 1954 to \$45 million in 1955. Similarly, crude petroleum exports have increased from \$4 million in 1954 to \$18 million in 1955. The largest absolute increase has been in forest products, which are \$120 million higher for the first eight months of 1955.

The increase in our imports has been spread fairly broadly throughout the various categories and has come, in the main, from the United States. This increase reflects our own increased economic activity with an increased volume of manufacturing and a growth in consumer expenditure.

Wheat and wheat flour, our major agricultural export, is very slightly down from last year, a small increase in the value of wheat exports being a little more than offset by the decline in flour exports.

The wheat problem as it exists today is not just a product of the temporary generosity of nature. The roots of the problem go much deeper than this. They lie in the national policies of a number of countries. Basically, the large stocks of wheat have arisen because of world acreage expansion. This acreage expansion has been the result of national policies of subsidies and tariff protection. The consequence of acreage expansion has been higher production. The estimated production for 1955 is not far short of  $7\frac{1}{2}$  billion bushels compared with about 6 billion bushels for the average of 1935 to 1939.

United States wheat production has increased proportionately over pre-war figures considerably more than world production; and the building up of very substantial unsold surpluses has resulted. The ways and means by which the United States reduces these surpluses is of serious, indeed, vital interest to us.

In Canada we have a central selling agency for wheat, the Canadian Wheat Board, but we do not subsidize the wheat producer. The wheat grower in Canada receives an initial price on delivery and eventually a final payment which represents the net price received by the Wheat Board after meeting all costs of storing, handling, transporting and selling the crop.

The Canadian wheat producer is fully prepared to compete on equal terms in the world wheat market. He has confidence in the quality of his product and his technical efficiency in producing it. However, it is quite another thing to compete with wheat grown in other countries where it is heavily protected by either high tariffs or high subsidies, or both.

The problem of the Canadian wheat producer will only be solved with the removal of these high artificial barriers which now restrict, directly and indirectly, our access to the world wheat market. But I can only repeat - wheat production is the principal source of cash income of the great majority of our western farmers and we, as a Government, are bound to be greatly influenced by anything so vital to them and to our national economy.