

Mr. DUNNING: My right hon. friend often advises me to take the advice of my legal officers, and until this moment I have done so. In view of the fact that we shall evidently not finish to-night, I shall give instructions that the words suggested by my right hon. friend be added to this section in order that there may be no doubt whatever that the intention is to charge such costs against the individual votes and not create authority by this item to make further expenditures. This will be considered between now and when the house meets this morning, and the necessary words can be added. I would prefer to amend the item as the bill is already printed.

Item stands.

To provide for payment to the Canadian Wheat Board on account of the liabilities of Canadian Cooperative Wheat Producers Limited, assumed by the Canadian Wheat Board, under the authority of paragraph (f) of section 7 of the Canadian Wheat Board Act, 1935, \$15,856,645.35.

Mr. BENNETT: This item will certainly be opposed as vigorously as it is possible to oppose anything. I consider this is the most monstrous effort I have ever seen to use parliament for a purpose that has not to do with the regular transaction of fair business. Under the agreement given by the crown guaranteeing the ultimate liability or responsibility of the wheat board, it will be determined, when this matter is settled, what is the liability of the crown. But this item is departing entirely from the provisions of the statute. There is no provision for this at all in the wheat board act. In view of the evidence given by Mr. Murray that two-thirds of the sales made were charged against the carry-over, to which this refers, it is quite clear that to pay this money at this time is nothing more or less than an effort to trim up the books in a way that should not be permitted. I put this to the Prime Minister: There is an outstanding guarantee by the Dominion of Canada to pay the ultimate balance that might be due to the banks on the carrying out of the business of the wheat board. The wheat board act provided that the surplus should be taken over by the board. The board took over that surplus from the old cooperative enterprise, and the liability of the old enterprise became the liability of the new wheat board. Mr. Murray said that the sales which were made from time to time were appropriated as to two-thirds against the old balance of wheat taken over from the cooperative enterprise. It is now proposed to fix the value of the wheat that was taken over at the price prevailing on that day, and show a loss of \$15,000,000. I just leave it to the Prime Minister and to

[Mr. Bennett.]

this country whether or not this is even a legitimate exercise of the power conferred upon the government under the wheat board act. I am going to take the trouble to point out the section in order that there may be no misapprehension about it. It is chapter 53 of the statutes of 1935, and paragraph (f) of section 7 reads:

The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:—

(f) notwithstanding anything hereinbefore contained, to acquire from Canadian Cooperative Wheat Producers Limited, upon terms to be approved by the governor in council, all wheat or contracts to purchase or take delivery of wheat in respect of which the government of Canada has given a guarantee.

The entire number of bushels held by the Canadian cooperative enterprise was transferred to the wheat board under the direction of the government, pursuant to the arrangements made. The banks made the wheat board their debtors instead of the cooperative enterprise. It is now proposed that we should make right any loss so that a profit may be shown, if possible, for the balance of the transactions. I ask the Prime Minister if that is ordinary business, apart even from anything else. The provision is quite clear that we are assuming the ultimate liability with respect to the transaction. At this moment it is not possible to determine what that loss has been. I think there will be some loss, but that cannot be ascertained until the last bushel of that wheat is sold. Mr. Murray said that two-thirds of the sales made at the date he gave evidence were sales out of the wheat transferred by the cooperative enterprise to the wheat board. How then can the loss be fixed by taking the price it was on that day as against the cost, and showing that as \$15,000,000 loss? As a matter of fact, the sales that have been made since may increase or diminish that loss—I assume they will increase it—whereas the sales made from now on to the end of the crop year may diminish the loss. The only time at which this matter can be ultimately decided is at the expiration of the crop year, which is July 31. At that time it can be determined whether or not there is any wheat of the old crop, so to speak, to be carried over as distinguished from the year's crop of 1935. The ultimate loss in the terms of the guarantee can then be established. In fairness to everyone connected with this transaction, I must say that I do not think there is any point in endeavouring to put before us that this loss is more or less than it really is.