

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Trade and Commerce): The first question, will these price rebates put Canadian millers in a position to compete with the United States millers, is answered as follows: They are intended to improve the competitive position of Canadian flour.

The second question, to what extent does this move mean the institution of a two-price system for wheat and flour in Canada, is answered as follows: In so far as prices of wheat and flour in Canada are concerned, no change is involved. The adjustment is paid only in respect to flour sales to certain markets where Canadian wheat is sold mainly or entirely in the form of flour.

Mr. W. M. Johnson (Kindersley): Is the minister prepared to answer the questions I asked of the parliamentary assistant, and which he took as notice?

Mr. Howe (Port Arthur): I shall do that with pleasure.

Mr. Argue: Answer them all.

Mr. Howe (Port Arthur): The hon. member asked whether the price adjustment means that Canadian farmers are being asked to subsidize the millers. The answer is that no subsidy is involved. The wheat board came to the conclusion that it would lose sales of wheat if Canadian flour was pushed out of certain flour markets outside of Europe and the United Kingdom. With the support of all the members of the advisory committee, which includes the heads of all the major farm organizations in western Canada, the board decided to try to hold these markets for western wheat by adjusting the price of wheat made into flour and sold to those markets. This decision was made by the wheat board after consultation with its advisory committee as part of its sales policy. It has the same effect on returns to producers as any other price adjustment made by the board.

Mr. Johnson (Kindersley): My second question of the parliamentary assistant was, do the Canadian farmers absorb the costs of the rebate made to the millers? The parliamentary assistant took that question as notice as well.

Mr. Howe (Port Arthur): I think my hon. friend can use his own judgment about the answer to that question. The wheat board is a producers' board and the wheat board has decided, in its judgment, that it is in the interests of the producers to reduce the price of wheat milled into flour destined for certain competitive markets that the board believes it is in the interests of the producers to hold for Canada.

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[Later:]

Mr. Johnson (Kindersley): May I direct a supplementary question to the Minister of Trade and Commerce. In view of the fact that, as the minister stated, the government has taken no action, is the minister prepared to recommend to his colleagues that the government take action and pay the subsidy out of the treasury rather than out of the pocket of the Canadian farmer?

Mr. Howe (Port Arthur): Mr. Speaker, if any such action is taken by the government an appropriate statement will be made immediately after the action is taken.

Mr. Argue: Let us hope it is soon.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, may I direct a supplementary question to the Minister of Trade and Commerce with respect to subsidies or price adjustments which have been referred to concerning Canadian millers.

Can the minister inform the house if the 8 cent subsidy being paid to Canadian millers is a substitute for kick-backs which some Canadian millers are apparently getting for the privilege of using Canadian brand names to fill Canadian export orders using American flour?

Mr. Howe (Port Arthur): Mr. Speaker, I must say I do not understand the reference to kick-backs. Who kicks back to whom in that case?

Mr. Argue: The farmer gets kicked.

Mr. Brooks: What foot do they use?

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. What factors were taken into account by the government in arriving at the discount of 8 cents a bushel at Pacific and United States ports?

Mr. Howe (Port Arthur): I am sorry, but I could not hear the question.

Mr. Bryson: What factors were taken into account by the government in arriving at the 8 cents discount at Pacific and United States ports?

Mr. Howe (Port Arthur): Mr. Speaker, the government took no action. This whole program was a program established by the wheat board and after consultation with their advisory committee about which the government was notified after the action had been taken. I would assume that the 8 cents to certain countries is regarded as a reasonable equivalent of a similar subsidy which has been paid for some time by the United States for similar flour shipments. For some time the United States has been giving a greater