

The WITNESS: I would prefer as far as possible to keep my remarks to the answering of questions, but in connection with this another point occurs to me. I can speak of the conditions in the West because I am more familiar with them, but serious complaint has been made by I think General Labelle, and I think supported by figures furnished later by Mr. Cornell of the loss in export business during the life of the Wheat Board, by comparison with their previous exportations of flour. Prior to the war period the smaller mills out West were closed and had been closed for many years. I do not know whether or not that was the condition in the East. During the war period when we had control of wheat prices and when the Wheat Export Company was purchasing food supplies for the allied countries, many of these small mills were permitted to open up, and for this reason: The exportation of flour very considerably increased, and flour export orders were divided amongst the mills proportionally to their milling capacity, regardless of whether they had ever exported flour previously in the whole of their existence or not. The result was that I know of cases where mills which had been closed for very many years were taken over by certain people who were wise enough to see what was likely to happen, and were operated for the period of control only, and were closed again immediately, and never manufactured, to my knowledge, a single bag of flour for domestic consumption. Now, if you will compare the exportation of flour under the Wheat Board with the exportation of flour under conditions of that kind, of course there is going to be a very considerable reduction in the amount of flour exported during the period of the Wheat Board. In addition to what I have said, the conditions were that during the life of the Wheat Board when the war was over, I was over, I might say in connection with what I am about to say, in Great Britain in the spring of 1920, and if I was correctly informed, the mills in Great Britain had been taken over by the Government under an undertaking whereby the Government paid the owners of the mills a rate of interest on the capital invested, simply because their business as millers was not there. They had been buying flour instead of buying wheat. Conditions were changed, however, during the life of the Wheat Board. The Government, in effect, said, "We must pay for these mills anyway, whether they are working or whether they are not working. We have guaranteed an interest rate on the capital that is invested. We are going to buy wheat and grind it ourselves. Why should we buy flour?" That is the condition that the Wheat Board was facing in so far as the Government of Great Britain was concerned during the life of the Wheat Board. Another statement which occurs to me is that the Wheat Board concentrated on selling wheat instead of flour. I absolutely repudiate that statement, no matter who makes that statement. We did all that we possibly could to make the sale of flour with wheat, and to make it conditional on wheat sales that flour should be taken. I will state that most emphatically.

*By Mr. McMaster:*

Q. That is, to your foreign buyers?—A. Yes. Moreover, the previous condition which I have recited was the reason we did not sell more flour. You cannot make a buyer who is a free and independent buyer take flour if he wants wheat, and particularly so when he is paying for the cost of a flour mill in any case, which was the position of the British Government.

*By Mr. Millar:*

Q. It has been contended, Mr. Riddell, by some witnesses that the drop in the price of wheat to the producer—what you might call, I think, the annual drop—about the time most of the wheat was going on the market—has been only just sufficient to take care of the carrying charges. That is one statement. On the other hand, the producer claims that, selling on a market that has been more or less glutted, he has been losing money. Those witnesses that gave that evidence claim that their state-

[Mr. F. W. Riddell.]