

Board was brought into being by an order in council of the Government by virtue of powers under the War Measures Act. Under the order in council, wages and prices of practically everything were frozen at their existing level, with the exception of wheat, which was left out of the order in council because for many years it had been of a very low order in price. It was considered only fair to let the law of supply and demand operate so far as wheat was concerned until the prices rose substantially higher.

It was not until September, 1943, that wheat, again by order in council under the Wartime Measures Act, was brought under the control of the Wartime Prices and Trade Board. There it remained for some time after the war. In 1946 the Government of the day negotiated with the United Kingdom an agreement known as the United Kingdom Wheat Agreement. I am not going into the details of that agreement. It is not necessary on the present occasion to do so, but under that agreement the compulsory feature was incorporated in the order in council and it was provided that the Wheat Board would have complete control of the selling of wheat. At that time oats and barley were not included.

In 1947, it will be recalled, legislation was brought in to validate this agreement which had been made under the Emergency Powers Act. Well, I just wish to say in passing that in my judgment and in the judgment of men more competent to form a judgment on the matter than I, the wheat farmers of western Canada lost at least \$500 million under the operation of that agreement and during the first period of operation of the subsequent International Wheat Agreement. I wish honourable senators to note this, for I do think it is important, that not only did the Prairie wheat growers subsidize the British consumers at a price of \$1.55 a bushel Fort William during the first two years of the agreement, but they subsidized the Canadian bread consumers at the same price, and during all this time the Wheat Board was selling wheat outside the British Wheat Agreement at much higher prices, as high at one time as \$3.40 a bushel.

It is worth while keeping that in mind. I do not deny for a moment that much foolish talk comes from some of the farm leaders in western Canada in respect of wheat marketing. But there is no doubt that they did suffer. The British Government withdrew from the International Wheat Agreement at the expiration of the first agreement.

Hon. Mr. Macdonald: After how many years?

Hon. Mr. Crerar: Three years. The first International Wheat Agreement was negotiated in 1949 and it overlapped the British Wheat Agreement by one year. At the end of the first three-year period of the International Wheat Agreement the British withdrew because they did not wish to tie themselves to buy under an agreement. Now, this all arose because the agricultural economy of Europe was broken to smithereens by the war. It was not until five or six years later that Europe's agricultural economy became sufficiently re-established that it could produce nearly the same volume of food stuffs as they had before the war. Those international agreements are still in effect; I think the present one expires in about 1960 or 1961—I am not certain.

While this was going on in Canada the United States followed a policy of price supports for farmers, not only for wheat farmers, but cotton growers, tobacco growers, and many other producers on a somewhat different principle. They said quite frankly, "We are going to support the farmer at this point, and are going to charge the difference up to the Treasury." We did not do that in Canada, and I think we were wise in not doing so. The policy followed by the United States is one which they have great difficulty in getting away from, and which everyone who has any responsibility in government wants to get away from. I have stated before in this house, when the matter was under discussion, that it was costing the American taxpayer over \$1 million a day to pay the storage on all the commodities on which the United States Government had given advances. I mention it because of its effect on the United States, as well as Canada, particularly over the past four or five years, during which time an effort has been made to maintain prices for wheat at as high a level as possible. I have always been convinced that the ultimate effect was that we are holding the umbrella over high-cost producing countries. If the old law of supply and demand had been allowed to operate our farmers in western Canada would have received the very high prices that obtained for five or six years after the war, but would have received very much lower prices in successive years. On balance, however, I am convinced they would have been ahead.

Honourable senators, that gives the background.

Now, under the compulsory Wheat Board legislation no farmer could deliver a bushel of wheat for sale outside the boundaries of the province in which he resided until he had a permit from the Wheat Board to do so. That is the origin of the permit book to