

this fact as everyone knows, that France, Spain, Italy, Hungary, Esthonia, Roumania, Bulgaria and other countries are increasing their wheat production, so that the Danubian countries have an exportable surplus. France has an exportable surplus, and Germany after supplying her people has a surplus. Italy, with the draining of lands and improved cultivation, and in the effort to supply the food requirements of her own people, has this year produced more wheat than Canada.

With that situation the three premiers of the provinces affected met together and sent me, before I left for England, the telegram which I have just read, and I took the course I have indicated. Conferences were held from time to time, until finally the conference adjourned, the wheat committee remaining in being. Mr. Morgenthau returned to the United States, and Mr. Murphy of Minneapolis, himself a wheat farmer, took the matter in hand from the standpoint of the Americans, who showed the greatest willingness in the world to assist in meeting the situation. Canada was the worst offender; we had the greatest surplus of unsold wheat. What was to be done? Finally, as the right hon. gentleman said yesterday, they met in the High Commissioner's office, and at that office they signed an agreement. The agreement is predicated upon our not growing more wheat than can reasonably be taken care of with the adjustments that are necessary to get rid of the present surplus. Most hon. members know that but for the intervention of the government the wheat situation would be an intolerable one. They have from time to time asked for a wheat board but they have had practically a wheat board for two years. The wheat surplus in this country is very large. I shall give just two or three figures in order that there may be no misunderstanding about the matter, and in order that there may be no uncertainty as to what is said I am going to read this statement which to some extent will answer the question of the hon. member for Weyburn (Mr. Young):

The first warnings of impending change in the wheat situation came in 1925 when Italy and Germany increased their duties on imported wheat. In 1927 France increased her import duties on two occasions, practically doubling the rate. With large domestic crops of food-stuffs in prospect in the summer of 1929, France and Italy again increased their import duties followed by an increase in Germany in December, 1929. In June, 1930, the Italian import duty was increased to eighty-six cents per bushel (later increased to \$1.07 per bushel); in October, 1930, the German import duty was increased to \$1.62 per bushel; and in June, 1930, France imposed a duty of eighty-five cents a bushel on imported wheat. These severe

tariffs were followed by the inauguration of milling quotas which limited the amount of foreign wheat which could be used in domestic mills. Smaller importing countries followed the example of the larger importing states and, at the present time, there is not a wheat-deficient country in Europe which does not directly or indirectly impose restrictions upon importation of wheat. The abandonment of the gold standard by the United Kingdom started a regime of fluctuating currencies and as a result importing countries strengthened their quantitative restrictions such as milling quotas and exchange controls. These measures were made more effective than tariffs in regulating imports from countries with inflated currencies.

This one can readily understand.

The question naturally arises as to why this action was taken by importing countries. The answer is simple. Importing countries acted in defence of their own farmers. By taking the action which they did, these countries served notice that they were not going to allow domestic prices to fall to the level of prices in exporting countries where large surpluses of wheat were driving prices downward. They acted to meet the crisis which threatened their economic life. During the past five years the continent of Europe has produced more wheat than North America and therefore the fall in wheat prices vitally affected Europe. The main net importing countries of northern and western Europe had the strategic advantage of being able to withstand the direct effects of the falling international price level through regulating the price of imported wheat by the imposition of import duties and by other devices. In other words, while the Liverpool price of wheat fell to the lowest levels in history, France, Germany, and Italy have maintained prices well in excess of \$1.25 a bushel since 1929.

Mr. MACKENZIE (Vancouver): What is the document from which the right hon. gentleman is reading?

Mr. BENNETT: I am reading from the document that has been circulated by the governments of the western provinces. I am doing so in answer to a question asked by the hon. member for Weyburn.

The crisis for European countries as well as for exporting countries arose from the emergence of an abnormal world carry-over of wheat as Europe gradually recovered her pre-war position and exporting countries continued to maintain and in some instances to expand acreage which had been sown to wheat when European agriculture was disorganized during the war and early post-war years.

Now, without going into this at further length, may I give just these figures:

When the wheat conference met in London during the latter part of August, the European wheat situation demanded particular attention. It appeared quite obvious that even the record production of 1932 would be exceeded due to the more favourable growing season of 1933. The principal improvement was in the Danubian area, where a partial crop failure occurred in 1932. The four exporting countries in the Danube basin produced about 129,000,000