

*Prairie Farm Assistance*

bushels, an annual increase in returns of about 18 million dollars, or about fifteen cents a bushel.

It was just this that Canada did not do. The prairie provinces, however, do compete in the world markets, very largely with Australia and Argentina. Argentina also allowed her rate of exchange to depreciate, and to depreciate even more than the Australian rate. Thus, the currency policy of Canada did not permit her producers and exporters for the world market, by far the most important of which is the wheat producer, to compete on an equal basis with the Argentine and Australian wheat exporter. The losses to the grain growers of the prairie provinces resulting from this monetary policy have amounted, as pointed out, to an annual average of 47 million dollars since 1931. This has been measured by calculating the difference between the amount actually received for wheat exports and the amount that would have been received if the relation of the Canadian dollar to the pound sterling had been kept in line with the rate Australia maintained, always assuming that such action would have had no effect on the sterling price of wheat.

We are told continually that we must be prepared to compete in world markets even when we are labouring under such a great handicap as is outlined in this brief. I quite realize that if Canada had followed the example of Australia and the Argentine it would have cost more to service Canada's debt and raised the price of imports. Therefore it was for the government of the day to weigh the disadvantages against the advantages of following the Australian policy. Apparently the government considered that the disadvantages outweighed the advantages from a national point of view.

Mr. GARDINER: In 1931.

Mr. QUELCH: In 1931 and up until 1936, according to this brief. But that decision has cost the grain growers of western Canada—I am referring only to the grain growers, not the live stock men—\$47,000,000 a year from 1931 to 1936, and to a lesser degree from then on, according to Professor Upgren who prepared this submission on behalf of the Bracken conference in association with J. Viner and A. H. Hansen. Yet we are told that we have to be able to compete with these other countries which have that tremendous advantage.

The minister referred to the Argentine the other day, but the Argentine is also getting an increased price for her producers by allowing her currency to remain at a depreciated rate.

Mr. GARDINER: Even with the difference in the exchange, the amount the Argentine grower receives is less than the Canadian farmer receives for his wheat.

Mr. QUELCH: Nevertheless the point is that on the world market they are competing at the same price, and when that price is

[Mr. Quelch.]

translated into their own currency it is considerably more than when it is translated into Canadian currency. It is bound to be, when they have a depreciated currency. We can affect the price by means of a bonus, but in so far as sterling is translated back into the currency of the Argentine or into that of Canada, the net result is bound to be more in the Argentine than it is to the Canadian farmer because our currency is still above, and theirs below, sterling.

Mr. GARDINER: Allowance is made for all those facts. When the price paid the Argentine farmer is compared with the price paid the Canadian farmer, the Canadian farmer is getting more in Canadian currency for his product than the Argentine farmer.

Mr. QUELCH: Only so long as a bonus is paid. But we are being told continually that we should be prepared to compete in the world market, and the only thing that counts then is the difference in the amount of currency depreciation.

Let me deal for a moment or two with the question of the tariff. The Minister of Agriculture (Mr. Gardiner) told us yesterday that he did not believe the tariff was a sound basis for discussing the justification for the bonus. Many references have been made in this house to the submission to the Nova Scotian government by the hon. gentleman who is now Minister of Labour (Mr. Rogers). I should like to refer to that very briefly, because the other evening when the hon. member for Weyburn (Mr. Douglas) referred to it, the Minister of Trade and Commerce (Mr. Euler) took exception to certain statements. I have here the case for Alberta on dominion provincial relations, and on page 190 I find a summary of the proposals that had been made by the present Minister of Labour to the government of Nova Scotia. It gives a statistical table. It shows that in the year indicated the tariff caused to the western provinces a loss of \$56,000,000 in round figures, while it netted Ontario and Quebec a gain of over \$83,000,000. The Minister of Trade and Commerce said, "Yes, but it also cost the people of eastern Canada money." But that is allowed for in that statement. If you subtract the gains to manufacturers in western Canada through tariffs from the losses to western Canada on account of increased prices resulting from the tariff you have a total loss of over \$55,000,000—in round figures, \$56,000,000. On the other hand, if you subtract the cost of these tariffs to the people of Ontario and Quebec as represented by increased prices from the total gains to