

cost of transportation, sets the price for the other 98 per cent. The theory that the export price determines the price on the domestic market has been quoted and preached to us in season and out of season until it has become an axiom or an established principle. In my opinion it is a fallacy that has been accepted by an undiscerning people.

We are told the law of supply and demand controls prices. But that mere 2 per cent which is exported absolutely nullifies that law. The injustice of such a situation is more striking when we consider that the Old Country market is a low priced market and is always bound to remain so.

As soon as we produce more than one per cent in excess of our domestic requirements the law of supply and demand ceases to function, and prices in Canada are governed by low export prices, less the cost of transportation. The trade has some means of offsetting this situation. It would have paid us to dump the 2 per cent surplus in the ocean and allow the law of supply and demand to function. Our home market is our best and practically our only market, and something must be done to protect it from the ruthless exploitation to which it has been subjected in the last few years.

It is a ridiculous theory that because our farmers produce one or two per cent more than the domestic market consumes they should be placed at such a serious disadvantage as has been the case. There is no element of fairness or justice in this. There is neither rhyme nor reason in our present system of marketing. I am speaking from my own experience in the raising and marketing of cattle, particularly in the last four years, since the big interests have combined. They may not be a combine in a legal sense, but they act and operate as such. From the evidence adduced by the Stevens Committee I think the term "racket" would be more appropriate.

In the Old Country market a rearrangement of quotas on Canadian cattle becomes effective on June 30, when the present agreement expires. The honourable senator from South Bruce (Hon. Mr. Donnelly) made some reference to this. On very reliable authority I learn that Canada's greatest competitor in that market has had representatives preparing the ground in advance, in its own interest, for the time when this new arrangement will take place. I think—and others who are closely in touch with trade conditions in Great Britain have expressed the same opinion to me—that there is an imperative necessity for Canada to send a delegation to that country

Hon. Mr. RILEY.

at once, so that our position may be fairly placed before the British Government, and the efforts of those who oppose a further increase in our quotas may be offset. I do not think this should be left to the last day. It is not the small number of cattle we export that counts, but our home market, which will be vitally affected by what happens at that time. I think our Government would be well advised in the interest of the cattle industry to take this step.

In regard to the American market, I hope to live long enough to see the barriers of trade, to some extent at least, removed and our cattle again going to our logical market. I have no doubt the Government is closely watching the situation and in the interest of the live stock industry will take advantage of the first opening that occurs. Now that the President has power to deal with other countries in the matter of trade, conditions look brighter for the cattle man.

How this Bill will be received by the old-time cattle men of the West, I am somewhat uncertain. About all they have left is their initiative and some small part of their independence. The Bill in its operation will take this away. They will become part of a standardized machine, and if they fail to synchronize, they will be ground up and obliterated. They will accept it out of necessity, but I shall be surprised if it will be in a kindly spirit.

I sent an inquiry to the Secretary of the Western Stock Growers as to the reaction of the Marketing Board on the members of our association, and received the following reply: "Common impression is that Marketing Bill not acceptable to ranchers."

I am unable to see in the operation of this Bill how the price will be increased to the producer. And price is the vital point in the whole situation. If he cannot get the cost of production for his stuff, bankruptcy is inevitable.

At the present time there are two grades of beef, and I know that the system is working out to the satisfaction of every one except the producer. The object of this grading system was to encourage the production of a higher grade of beef animal, and naturally to raise the price. So far as I can see, the only one benefiting from this system to-day is the trade, or the middleman. There should be at least two or three more grades, and a minimum price set in those grades under the marketing system. In no other way do I see that the producer can get any protection. And if the price to the producer is not raised to a