

*Canadian Wheat Board*

this year we exported 190,000,000 bushels of wheat and wheat flour, which was 25,000,000 bushels more than the 1938-39 exports. The government and those in charge of Canada's wheat marketing are doing all they can at the present time to make the farmers and the public believe that the present critical situation is caused by the war. That is not the fact.

Western Canada wants a proper board, with an advisory committee upon which the producers are represented. The original act provides for a board of seven, with four producers. Before this legislation passes, I think the minister should indicate who the members of this committee are going to be and how soon they will be on the job. If we are in a critical position we should certainly have the benefit of the advice of the best men available. In his statement the minister said that the cereals import committee recommended that the exchange remain open. Did they demand or ask for that last September when they first came over? I am informed that they demanded that it be closed. I understand that there was an arrangement made by the western representatives of the grain trade with the wheat committee of the cabinet that the grain exchange would not be closed until wheat went to around \$1.25 a bushel, which it was expected to do at that time.

What service does the exchange render that the board could not render, except possibly the physical handling of the grain in the elevators? The exchange is not functioning now, and I understand it has asked the government to provide some means to facilitate the hedging of grain. I would refer to the report of the Turgeon commission in which the chairman stated that only a board could function in an emergency. Surely we are in an emergency at the present time. Even with the many inquiries which we have had into the grain business it has never been proved conclusively that an open market is necessary. It is certainly not necessary in an emergency.

We were in difficulty in 1935 with respect to the handling of wheat. We were in difficulty before this government came into power. I recall when Mr. McFarland used to come down here to consult with us. I happened to be called in on an occasion or two, and at that time the wheat board act of 1935, which we are amending to-night, was introduced. May I say that at that time I was pressing for a board similar to what we have now. I prepared a memorandum for my chief, Mr. Bennett, at that time, and I should like to refer briefly to one or two things I set out in that memorandum, which was

[Mr. Perley.]

prepared before the Canadian Wheat Board Act was thought of. We knew there was a demand for a change after the experience we had had from 1932 to 1935. We knew that we could not continue as we had been going on, and that something of the nature of the wheat board was wanted. I set out in the memorandum that the physical handling of the grain and the marketing of western Canada's wheat crop were principal factors in the economic life of the Canadian producer and of every Canadian citizen. I think we all are agreed on that.

Prior to the great war the problem was comparatively simple. There was no great difficulty in finding markets for our good western Canada wheat. Although prices were low at times, the cost of production was also low and prices of the products of industry were low. There were periods of low prices during which the farmers were more or less prosperous despite many handicaps. But the war of 1914-1918 ushered in a new era of production expansion, which became more marked following the war. Here may I remind the committee that the expansion in the production of grain in western Canada following the last war was undertaken as a patriotic effort. The farmers of the west were asked to increase production, and we have been in difficulties practically ever since.

Early in 1917 the open market system which was then in vogue became inadequate and government supervision became necessary. I am not going into details with respect to that; I refer to it just in passing. Then came the board of supervisors, and then the first Canadian wheat board. This board, which came into existence in 1919, was given large powers, and it functioned admirably. However, there was much dissatisfaction in the grain trade with the open market and the futures market, and in 1923 the pool system came into being. We know the history of that pretty well, so I shall not go into details. Then in 1930 we had a surplus production, and owing to currency fluctuations there was a violent downward drop in the world price for wheat, and both the open market and the pool system demonstrated their inadequacy. That is the statement I made in pressing my case before Mr. Bennett.

Mr. CRERAR: On what date was the memorandum submitted to Mr. Bennett?

Mr. PERLEY: Before the wheat board act was introduced or even thought of. It was about May 1, 1935.

An hon. MEMBER: With an election coming on.