farmer can borrow against that grain 90 per cent of parity which, as I understand it, is $2.21 a bushel. In other words, he can borrow 90 per cent of parity and he can hold that loan as long as he likes. If wheat goes above the loan price he may withdraw his grain from loan and deliver it into the market. In other words, the United States government does not own that grain for a considerable period. However, there is a period when, if the grain is not reclaimed, it passes into the possession of the government.

Mr. Rowe: What do they do with it if the price goes down?

Mr. Howe (Port Arthur): It is not a recoverable loan, and if it is left on loan longer than the loan period it then passes into the hands of the government. The situation in Canada of course is just the opposite. The farmer delivers his grain to the country elevator, delivers it to the wheat board and into the ownership of the wheat board. The wheat delivered to the country elevator in Canada, for which an advance has been paid, is the property of the wheat board, and it can be disposed of as the wheat board may determine.

It has been suggested that there are other methods of dealing with surpluses. Well, I remember one method very well. I am sure the Leader of the Opposition had it in mind when he suggested that there were other methods of dealing with surpluses, because there was a big surplus in the early 1930's. How was that dealt with? Well, the government for the first time entered into the wheat picture to protect the producer, and Mr. McFarland was appointed the agent of the government to buy wheat in the open market in quantities that would support the prices that the farmers would receive by marketing under the open market system. The Conservative government of that day operated that policy for a while and he bought a good deal of wheat. I do not know whether the funds were cut off or what the reason was, but I remember the terrible day when the price of wheat fell to 38 cents a bushel in store Fort William. That was about the blackest day the farmer ever knew, and that was in 1932 under the support policy of the Conservative government of that day.

However, that was succeeded in 1935 by the wheat board, and the wheat board was the creation of the Conservative government of that day. The original legislation brought down provided for a compulsory wheat board, and I may say that the government of that day was about as strong numerically as the government of this day.

Mr. Rowe: No.

Mr. Howe (Port Arthur): Pretty close to it. They had a huge majority.

An hon. Member: Were you here?

Mr. Howe (Port Arthur): No, but I was a very interested spectator because I was earning my living from building grain terminal elevators in those days. That bill was introduced in the house in 1934 but it seems that perhaps the government of the day were talked out of their position—

Mr. Fleming: By the Liberals?

Mr. Howe (Port Arthur): Yes, the Liberals had some very able men then, as we have on the Liberal side today. But I am sorry to say the government of that day was not very firm in its convictions and the bill was watered down with the introduction of a voluntary pool, and it was that voluntary pool, established under legislation passed in 1935, which this government inherited when it came into office in the latter part of that year. Well, after all, the only guide to the future is the past, and I think when the Conservative party talk about how to handle a surplus problem in wheat the only guide one has is how they handled the surplus problem they encountered during their last term of office in this Canadian parliament. I think the policy I have discussed today, which we all understand and which is known throughout the west, will compare very favourably with the policy which was adopted by hon. gentlemen opposite to handle their surplus problem which was far less difficult than the problem facing us today.

Mr. Harkness: What did you people do after coming in in 1935? You had a fire sale.

Mr. Howe (Port Arthur): We cleaned up the pool and after we had cleaned house the prices paid to the producers rose steadily.

Mr. Rowe: They were at the lowest point in history.

Mr. Howe (Port Arthur): The lowest point in history was in 1932 and I remember it well. The price was 38 cents a bushel.

Mr. Gardiner: And 26 cents on the farm.

Mr. Rowe: I do not want to interrupt the minister because his speech is very interesting and he is revealing a little bit more of the information on policy for which we have been asking. But a short time ago the minister mentioned during the course of his remarks that if we are going to sell wheat we must be competitive. Are we to take it from that it is government policy to sell wheat in competitive world markets regardless of the world price?