

on certain factors on both sides. Here is the foreign demand we will say over here, here is the supply. Now we will assume this foreign purchase is made by some centralized purchasing agency, which was done during the war and just after the war. Now if that purchasing agency is centralized it has the ultimate possible power in its purchasing. But supposing the central agency is decentralized, as it is at the present time, then the price is fixed almost primarily by the law of supply and demand, affected very materially by the contract between the centralized purchasing agency and the decentralized selling agency, so you have the law of supply and demand operating of course. If the buying and selling agencies were equal perhaps you would reach almost the normal level of the law of supply and demand in the sale, but if one of those agencies is very strong and the other is very weak you overcome the law of supply and demand. You could not say the price was fixed by a foreign demand because the other things enter into it. Even then you would have to put in the supply.

HON. MR. STEVENS: Do you expect by the constitution of a compulsory selling agency or wheat board to so influence this relation between the seller, the Canadian market and the purchasing market, the European market, so as to increase the price in the foreign market?

MR. WOODS: Yes, I think so. I am not certain, but I think I can risk that answer.

HON. MR. STEVENS: That it would have that result?

MR. WOODS: Yes.

HON. MR. STEVENS: Then it would have also the corresponding results of increasing the price for the domestic market?

MR. WOODS: Yes, it should.

HON. MR. STEVENS: A moment ago you made the statement that every extra dollar brought into the country would be in the benefit of all. Now, that is of course based upon the reasoning to which you have now given expression, namely that the organization of the Wheat Board is calculated to increase the price of wheat in the foreign market, which in the reflex action will increase the price of wheat in the domestic market, and my friend from Marquette upbraided me now, he says "No, no."

HON. MR. CRERAR: Go ahead.

HON. MR. STEVENS: By reflex action the increase in the foreign market will produce an increase in the Canadian market.

MR. WOODS: Yes.

HON. MR. STEVENS: What I understand from your remark is this that while that may be the case, the Canadian consumer is more than compensated by the increased prosperity of the country resulting from the increase of proceeds from the foreign market coming in?

MR. WOODS: No, you have not got it right there.

HON. MR. STEVENS: Would you follow it out from the point you mentioned a moment ago, that the local market would be increased?

MR. WOODS: The price of wheat would be increased in the home market. It was under the old board, but it does not necessarily follow that the price of flour will be increased. As I said, I think, in my opening remarks, where the price of wheat is stabilized—I do not mean absolutely fixed; I mean stabilized—the miller can manufacture on a very much less margin; and while the miller might pay on a stable market considerably more for his wheat on account of that stability, and the protection he has under that stability, he can manufacture on a narrow margin, because he is manufacturing on a safer basis and can pay a better price and still

[MR. H. W. WOODS.]