

*(d) United Kingdom Wheat Contract*

On July 25, 1946, the Honourable J. A. MacKinnon, Minister of Trade and Commerce, made the following statement in the House of Commons:

Agreement has been reached between the Government of the United Kingdom and the Government of Canada for the purchase by the former of Canadian wheat over the four years beginning 1st August, 1946.

The Agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year: 1946-47—160 million bushels, 1947-48—160 million million bushels, 1948-49—140 million bushels, 1949-50—140 million bushels. The contract provides that in the event of the United Kingdom requiring from Canada any additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of the Agreement. Part of the quantity of wheat specified in the contract will be supplied in the form of flour to the following amounts:—1946-47—500,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1947-48—400,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1948-49—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1947; 1949-50—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1948. The price which the United Kingdom Government undertake to pay for the wheat supplied is as follows: basis Number One Manitoba Northern, in store Fort William/Port Arthur, Vancouver or Churchill: 1946-47—a fixed price of 1.55 dollars per bushel; 1947-48—a fixed price of 1.55 dollars per bushel; 1948-49—a minimum price of 1.25 dollars per bushel, the actual price to be negotiated by 31st December, 1947; 1949-50—a minimum price of 1 dollar per bushel, the actual price to be negotiated by 31st December, 1948. The contract provides that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements later concluded to which both Governments are parties. Nothing in the Agreement will affect decisions which may be taken on the basis of recommendations of the I.E.F.C. The contract is based upon commercial considerations of mutual interest. It ensures to the United Kingdom substantial quantities of wheat during the expected period of shortage at prices below those which would be payable were there to be a free market at the present time. This is the commercial advantage which the United Kingdom secures. In the later period of the contract Canada receives the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers, are therefore protected from crippling losses should there be a word slump in wheat prices. This is the commercial advantage which Canada secures.

*(e) Special Income Tax Arrangement*

In March, 1946 the Dominion Government announced an Income Tax Arrangement on wheat marketed between April 1, 1946 and June 30, 1946. The arrangement as set forth in Order in Council P.C. 1243, April 1, 1946, includes the following provisions.

- (1) Producers delivering wheat between April 1, 1946 and June 30, 1946 could market wheat in the usual manner or take advantage of the Special Income Tax Arrangement. In other words, it was an optional plan.