

deliver wheat to them. It is not sold to them, in the strictest sense of the word; it is handed to them for milling purposes to be handed back to us. Two weeks hence, or at some later period, the world's values for wheat and flour are advanced, and the miller wishes to export. I may make this explanation in connection with this, that insofar as Newfoundland and the West Indies are concerned—and later, I think, West Africa—the mills were doing their own exporting under regulations, so far as price is concerned, by the Board. Very good. They wish to close an export deal for flour between these countries. Their complaint has been that they were not permitted to do that without paying a surcharge. The surcharge is merely the difference between the value of flour under the Board's price, which is based on the value of wheat charged to them, and the actual value of wheat or flour at the time they ship.

By Mr. McMaster:

Q. In other words, their complaint is that they did not get the advantage in the increase of flour prices which was brought about by the increase of wheat prices?—A. Exactly.

Q. They were not allowed to get that advantage for themselves?—A. Yes. Now, if that is satisfactory to you, I want to deal with the other side. Let us assume that conditions have been such that the world value of wheat in these countries was down. The mills would have delivered the flour to us at the high price which was set by the Board, on the basis of the price they paid for wheat, in exactly the same way, and we would have had to export wheat on the basis of the world values.

Q. That is to say, if there had been a loss that loss would have been absorbed by the Board?—A. Absolutely.

Q. And therefore the Board considered it right and just that when there was a profit that also should be taken by the Board?—A. Yes sir, although in the strictest sense of the word, I object to the word "profit." There is no question of loss or profit. There may be in so far as the mill is concerned, but so far as the Board is concerned, strictly speaking, wheat was loaned to the mills on a certain basis and flour was taken on an equivalent basis, and the price was controlled on that basis. That is the point I want this Committee to clearly understand. There was no outright sale of grain for milling purposes to the mills for the export of flour. I am speaking entirely from memory, but I think it is stated in the price regulations that wheat will be delivered to mills on a certain basis—not sold. I am only speaking from memory, but that is a matter of record that can be looked up.

By Mr. McConica:

Q. The arrangement then was an arrangement by which, practically, the millers ground certain wheat for you for so much money, took your wheat and gave you back the proceeds?—A. Yes sir.

By Mr. Evans:

Q. Mr. Riddell, there is a definite statement here from Mr. Thompson, at page 136 of the Minutes. I put the question to him myself. "It is not quite clear to me yet in what way the witness arrives at the fact that they milled this wheat for nothing," and Mr. Thompson answered, "the Board said 'We will give you the wheat at a certain price—\$2.30—and we will give you so much for your flour, X'—whatever it was. But when we ground that out we found that the price they had given for the flour just equalled the price we had paid them for the wheat, the bran and shorts included." So that cannot be true.—A. In connection with—

An Hon. MEMBER: That was in regard to a certain specific order given to small mills.

The WITNESS: Yes. In connection with the first portion of Mr. Thompson's reply, it seems to me to bear out what I have been saying previously. Wheat was given to them at a certain price and flour taken from them at a certain price.

[Mr. F. W. Riddell.]