

The WITNESS: Yes. Now, I want to make it clear that that refers to milling wheat. There is an arrangement whereby low grades of wheat can be shipped into the United States on payment of a 10 per cent ad valorem duty—those are grades of No. 4 and lower. This was an arrangement originally made by Mr. McFarlane when he went to Washington, I think, in the early part of the 30's, and the Americans needed wheat for feed at that time; but the question was as to how they were going to be able to detect whether the Canadian wheat escaped bond and went into flour, or what control they would have over it, so the first proposal was that they would have it dyed, as they did in France at that time; but they found, and I think Mr. McFarlane put forward this view that No. 4 and lower was marked any way because it was frozen or had some characteristic that only Canadian wheat could have; so agreed that feeding wheat showing these characteristics could go into the United States. I think I should say that there is none of that going in now because our own feed administrator needs it for feeding purposes in Canada.

And now then, to go on to the other question, Mr. Douglas; I think you probably had reference to the American government themselves who are the only people who can import wheat into the United States over the 800,000 bushels.

Mr. DOUGLAS (*Weyburn*): And by the way do they buy on the open market or from your board?

The WITNESS: They bought in the open market through the Commodity Credit Corporation which is a unit functioning under the United States Department of Agriculture. That corporation purchased 7½ million bushels of wheat to be shipped into the United States and it is being imported by the American government and is being used for feed in the New England states; they may, of course, make further purchases, that we do not know.

Mr. PERLEY: Where do they take delivery?

The WITNESS: At Fort William.

Mr. DOUGLAS (*Weyburn*): What grades are they taking?

The WITNESS: No. 2 and 3 northern, and they have an arrangement whereby they will provide the steamers. But in respect to that I want to make this exception, that the first million is being loaded into Canadian vessels as a result of some rearrangement with respect to shipping—I do not know exactly what it was. I do know that the arrangement was that the American vessels were going to carry that wheat into the United States.

Mr. DOUGLAS (*Weyburn*): Have there been any negotiations in respect to those purchases between the wheat board and this corporation to which you refer?

The WITNESS: No, they purchased in the open market.

Mr. DONNELLY: Did they purchase from the board?

The WITNESS: No, they purchased in the open market. I want to just again emphasize that the price of \$1.45 at Chicago is not available to this country for the reason that I mentioned.

Mr. PERLEY: Yes.

Mr. MATTHEWS: Who is buying it at that price?

The WITNESS: The millers in the United States.

Mr. MATTHEWS: They are not exporting it?

The WITNESS: No, they are not exporting it.

Mr. PERLEY: They are not exporting any.

The WITNESS: No, they are not exporting it.

Mr. PERLEY: They are not exporting any.

The WITNESS: They were exporting a little flour under subsidy early in the year, but none to speak of now.