

that time, known as the Patterson scheme, in regard to butter. I advocated a processing tax on wheat ground into flour for use in this country. I am glad the government have now adopted that. The only objection I have is that it is not high enough. A processing tax of 15 cents a bushel means about one-third of a cent on a loaf of bread, because a bushel of wheat makes flour enough for about fifty loaves. Do not make any mistake about it, the bakers are going to take advantage of this and use it as an excuse for putting another cent on the price of a loaf of bread. We see that in to-night's paper. One can see immediately that they are looking for an excuse to add another cent to the price of bread. If the processing tax had been put at fifty cents, that would mean practically speaking one cent a loaf because they make fifty loaves out of a bushel of wheat. That would give them a real excuse to add one cent to the price, which they will do anyway. At 50 cents a bushel the government would get about \$25,000,000. This 15 cents a bushel will yield about \$7,500,000. Twenty-five million dollars would help the government to pay an interim or final payment to the farmers, which this 15 cents a bushel will not do. I ask the government to think that over. Of course the argument against the processing tax is that it is taxing the bread in the mouth of the labourer, the poor man. Practically every country in the world to-day has the processing tax on wheat. They have it in the United States; they have it practically all over the world, and there is no reason why we should not have it also. But the government should consider the advisability of raising this processing tax to 50 cents a bushel, instead of leaving it at 15 cents as apparently they have decided to do.

I should like to say just a word with regard to the quota system. In my opinion there could be no other way to handle the wheat this fall than by a quota system. The government must decide how much they will allow any farmer to bring to the market. Otherwise the man living beside the elevator will thresh his wheat, haul it in and fill up the elevator. Our grain act forbids the elevator company to refuse any man's wheat; while they have space available, they are obliged to take it. So, unless the government inserts some provision that the elevators shall take only so much from each farmer, any man could compel an elevator to take all his wheat. Then the poor man who threshed late would not be able to market his wheat at all. We need a quota system under which no man can market more than a thousand, fifteen hundred or two thousand bushels, or whatever figure

[Mr. Donnelly.]

may be set. On the other hand I agree that storage should be paid the farmer, to enable him to keep his wheat on the farm. I believe, that whatever storage is paid to the terminal elevators or country elevators should be allowed to the farmer who stores his own wheat on the farm.

I should like to say a word with regard to the handling charges on wheat. These charges, to me, particularly this year, are absolutely ridiculous. I believe the handling charges during the past year were far too high. They may be all right with wheat at \$1.50 a bushel; they may be all right in ordinary years, when our elevators may be full for a few months only and almost empty for the rest of the year. But in a year like last year, when they were three-quarters full all year, and next year, when they will be full all year, these charges are absolutely ridiculous. Let me give the committee an example of what I mean. We are told that the amount paid by the board to the elevators for storage alone was something like \$14,612,000. That was on 318,000,000 bushels of wheat. There was an additional 100,000,000 bushels or so not handled by the board, so the total amount paid for storage alone by the grain trade and by the board must have been well over \$16,000,000. But there is something else in addition. The other day the statement was made that only one-third of the income of the elevators came from storage, the other two-thirds coming from other, additional charges. So there must have been another \$32,000,000 received from other sources, making in all something like \$50,000,000 paid for handling our wheat last year. If anyone tells me that is a reasonable amount to pay for the storage and handling of our wheat in one year, all I say is that he does not know the condition of our farmers. We sold something like 400,000,000 bushels, for which we received approximately 50 cents a bushel, or in round figures about \$200,000,000. But we paid \$50,000,000, or one-quarter of the selling price, just for the handling of that wheat.

Mr. KINLEY: To the pools.

Mr. DONNELLY: Yes, to the pools and others in the grain trade. I say this charge is ridiculous, and I believe it should at least be cut in half. I have been thinking and talking about this matter ever since this house opened. Under the old grain act the board of grain commissioners fixed the charges for storage, cleaning and handling, and these rates were subject to approval by the governor in council. That act was amended in 1930. The board of grain commissioners still sets the maximum rates, but those rates are not subject