

*The Budget—Mr. MacKinnon (Edmonton)*

mean lower prices. They must take constructive action. As I say, the farmers' income has depreciated considerably.

Mr. SPEAKER: The hon. member's time has expired.

Mr. PERLEY: I shall be only a moment longer. I wish to quote certain figures I have been given by the bureau of statistics. I wrote to them the other day saying that I was going to prepare a statement on the budget with respect to farmers' income. I have received from the bureau a statement showing the income of farmers in the three prairie provinces from 1926 up to the present time, taking the year 1926 as one hundred. I will only give Saskatchewan in order to save time. The figures for the following years are: 1927, 90; 1928, 103; 1930, 37; 1933, 21; 1936, 30; 1937, 24; 1939, 30. In other words, the farmer's income in 1939 was only 30 per cent of what it was in 1926. Does any hon. member think that the farmer can continue under such conditions? He cannot carry on when his income to-day is only 30 per cent of what it was in 1926. I do not think anyone will suggest for a moment that it is possible for him to do so.

I am disappointed that the budget was not more definite about certain matters; but now, since my time has expired, I will say this. I may have a chance to discuss this matter further if there is an amendment, as I think there will be, but I regret that this government has not been more definite and has not made a pronouncement with respect to this whole matter which is so important, having to do with the marketing of the western crop. Before now we should have had a statement from them, having regard to the announcement posted yesterday in the exchange.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I do not intend to go fully into all the points raised by the hon. member for Qu'Appelle (Mr. Perley), but there are some statements with which I feel bound to deal at this time. The hon. member is altogether under a misapprehension as to the purpose of the announcement made by the wheat board from Winnipeg. It seemed to me he was confused in thinking that the new regulations dealt with the 1940 crop. The continued marketing of last year's crop was what was being dealt with by the board, and this regulation was considered necessary to make it possible for wheat farmers with wheat still on hand to sell it. The board came to this decision and, having done so, telephoned to me to acquaint me with the position as chairman of the wheat committee of the cabinet. It is a purely temporary matter having nothing to do with the marketing of the 1940

[Mr. Perley.]

crop, and will be superseded, I expect, by decisions and regulations for dealing with the coming crop.

Mr. PERLEY: Why does it mention December 2 to December 31? That is the notice posted.

Mr. MacKINNON (Edmonton West): I am coming to that. The prices mentioned are put there to enable the buyer of wheat to hedge against his purchases of wheat at the present time. On May 18, the wheat board, after consultation with the wheat committee of the cabinet, requested the grain exchange to peg the wheat futures market at the closing prices of Friday May 17, which were: May, 70½; July, 71½; October, 73½. This action was taken owing to the fact that on Saturday morning, May 18, the market declined 10 cents a bushel to 60½ for May wheat. The reason for this decline was as I stated in *Hansard*, May 20, at page 20.

While several factors have entered into the situation it seems clear that the changed war picture has been a predominant influence in the decline in commodity and securities markets. The fear of lost markets and the general financial unsettlement have created a feeling of uncertainty and resulted in general and drastic liquidation on the part of holders of wheat.

It was clear at the time that if the futures market fixed itself at the pegged price asked, with no buyers, it would be necessary to peg the cash wheat prices in proper relation to the futures, because otherwise the pegging of the futures market would be ineffective. The action of the market, then, from May 18 to June 22 was such that it was unnecessary to peg cash wheat prices. In other words, the futures market did absorb, at prices at or about the peg, any selling or hedges which developed. On June 25 it was clear that owing to the action of the market on June 24 and 25, the elevator companies were not able to hedge on account of the market being at the pegged price asked.

Further action was considered necessary. Consequently, after consultation with the government, the wheat board addressed a letter to the grain exchange under date of June 26 asking them to take the necessary action to peg prices of cash wheat in proper relationship to prices as fixed for the futures in the action taken on May 18. The meaning of such action is that neither futures nor cash wheat can be traded at prices below the fixed minimum prices, and this is mandatory on all members of the grain exchange until further notice. It should be clearly understood that these are minimum prices, and there is no obligation on anyone to make purchases at these prices unless demand materializes. It has the effect, how-