

grain in Canada and the United States by the United States tariff board in which it was demonstrated that Canadian costs were lower. In the United States the tariff is about forty-two cents, if my memory serves me correctly. The farmers were complaining because they did not get a better price, and when the slump started in 1929 we remember how the farm board, with Alexander Leggie at its head, was instructed through the Grain Stabilization Corporation to try and stabilize the price of wheat. Farmers in the United States thought they could take advantage of the tariff because of the control of the situation by the Grain Stabilization Corporation. But while I think the Grain Stabilization Corporation did some good, cushioned the blow of the fall so that prices fell slower than would otherwise have been the case, the attempt to take advantage of the tariff on wheat proved an utter failure.

We shall still have to sell wheat outside the British Empire on the basis of our present production. Apparently we will have about the same export surplus outside the empire as the United States has outside of its home market. With their best efforts they have never been able to raise their wheat price above the world level, nor will it happen as a result of this six cent preference in Great Britain.

What then, is the value of the preference? I have already said that if we had to pay our way into the British market it would be a distinct detriment. But outside of that what is the situation in the world today as far as wheat is concerned. It is simply a condition of ruthless competition by all wheat exporting countries, and the question is who is going to break first. So it seems to me that anything at all that can be done towards holding for us the market that we have always had will in the last analysis be of some value. But I want to say that the wheat exporting countries of the world, Canada included, are going to be driven to reduce production. They will come to it either by the ruination of a great many farmers or by improper tillage of the wheat areas and lower yields. It does not matter what may be our financial strength; we cannot continue indefinitely producing at a loss which runs from 25 to 50 per cent of the cost of production.

Then, of course, we have the situation with regard to exchange as between the Argentine, Australia and Great Britain. It has been stated here that though the Australian farmer gets more money for his wheat, because of the depreciated currency, really he is no better off, because measured in Canadian money the result is the same. The fact is, however, that

the Australian farmer pays his debts and spends his money in Australia, while we pay our debts in Canada. I do not think there is any use arguing this point at great length; such men as Sir Josiah Stamp and, I believe, the new Deputy Minister of Finance here in Ottawa, admit that the exporters who are operating in countries where the currency is depreciated have a tremendous advantage over those in countries where the currency is at a higher level. I do not think there is any need to argue that fact, and I do not know but that even with the six cent preference, considering the exchange and other factors, the Argentine still has a better chance to get into the British market than we have. I do not want to do anything that might bring about the loss of that preference; I do not want to appear indifferent to it, but while so far as that item alone is concerned we have an advantage, on the whole I do not know that we are any better off than the Argentine. In my judgment the question of raising price levels and dealing with currencies so that all countries exporting wheat to the markets of the world are on an even basis as far as currency is concerned is something which must be taken up in the near future if Canada is to compete in the world markets. The tremendous improvement in the machinery of production with regard to wheat probably would have brought about a world surplus in any case.

I was very much interested in the suggestion made the other day by the Minister of Agriculture (Mr. Weir). He did not advocate it, but he hinted that some people were interested in the reduction of wheat acreage. I said some time ago that we would have to bring about that reduction throughout the world. I do not see why we should go on producing at a loss; it is utterly useless, and so long as there is a huge surplus of wheat in the world which cannot be actually bought and consumed, that world surplus will ride ruthlessly over all the efforts we may make to stabilize prices. In some way we must bridge that gap between effective demand and supply. We know there are great difficulties in the way of reducing acreage; if we do it here and it is not done in other countries it will be utterly useless. It requires international action. But I would rather say that we had tried intelligently to attack the problem and had failed than to sit back and do nothing until our farmers are ruined and a sufficient percentage of them driven out of wheat production to balance the supply and demand throughout the world.