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Canada. Parl. H.of C. Standing Comm.on Agriculture and Colonization, 1943/44.
Minutes of proceedings and evidence.

Canada. Parl. H.of C. Standing Comm.on Agriculture and Colonization, 1943/44.

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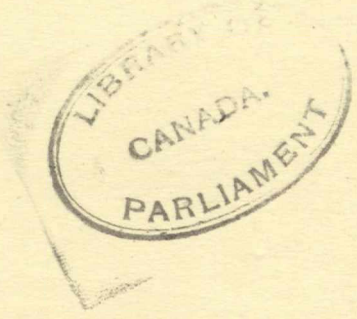

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

WEDNESDAY, MAY 26, 1943

TUESDAY, JUNE 1, 1943

LIBRARY OF CANADA PARLIAMENT

Reference

REPORT OF CANADIAN WHEAT BOARD FOR CROP YEAR 1941-42

WITNESSES:

Mr. George McIvor, Chairman of the Canadian Wheat Board
Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

ORDERS OR REFERENCE

HOUSE OF COMMONS,

MONDAY, February 15, 1943.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messieurs

Authier,	Fontaine,	Matthews,
Aylesworth,	Furniss,	Mullins,
Bertrand *(Prescott)*,	Gardiner,	Nielsen *(Mrs.)*
Black *(Chateauguay-Huntingdon)*,	Golding,	Perley,
	Gregory,	Poirier,
Blair,	Hatfield,	Quelch,
Bourget,	Henderson,	Rennie,
Cardiff,	Kirk,	Rhéaume,
Clark,	Laflamme,	Rickard,
Cloutier,	Lafontaine,	Ross *(Souris)*,
Cruickshank,	Lalonde,	Ross *(Middlesex East)*,
Dechene,	Leader,	Ross *(Moose Jaw)*,
Desmond,	Leclerc,	Rowe,
Diefenbaker,	Leger,	Senn,
Donnelly,	Lizotte,	Soper,
Douglas *(Weyburn)*,	MacDiarmid,	Tustin,
Douglas *(Queens)*,	MacKenzie *(Lambton-Kent)*,	Ward,
Dubois,		Weir,
Evans,	McCuaig,	Whitman,
Fair,	McCubbin,	Wright—60.
Ferron,	McNevin *(Victoria, Ont.)*,	

(Quorum 20)

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, May 11, 1943.

Ordered,—That the Report of the Canadian Wheat Board for the crop year 1941 to 1942 be referred to the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

81733—1½

FRIDAY, May 28, 1943.

Ordered,—That authority be granted to print from day to day, 500 copies in English and 200 copies in French of minutes of proceedings and evidence to be taken by the said Committee, and that Standing Order 64 be suspended in relation thereto.

Ordered,—That the said Committee be empowered to sit while the House is sitting.

Ordered,—That the quorum of the said Committee be reduced from 20 to 15 members, and that Standing Order 63 (1) (*f*) be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

WEDNESDAY, May 26, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FIRST REPORT

Your Committee recommends:—

(1) That authority be granted to print from day to day, 500 copies in English and 200 copies in French of minutes of proceedings and evidence to be taken by the said Committee, and that Standing Order 64 be suspended in relation thereto.

(2) That it be empowered to sit while the House is sitting.

(3) That the quorum be reduced from 20 to 15 members, and that Standing Order 63 (1) (*f*) be suspended in relation thereto.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 26, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 a.m. The Chairman, Mr. W. G. Weir, presided.

Members present: Messrs. Bertrand (*Prescott*), Black (*Chateauguay-Huntingdon*), Blair, Bourget, Cardiff, Cloutier, Cruickshank, Dechene, Diefenbaker, Douglas (*Weyburn*), Dubois, Evans, Fair, Ferron, Fontaine, Furniss, Golding, Henderson, Kirk, Laflamme, Lafontaine, Leclerc, Leger, Lizotte, MacDiarmid, MacKenzie (*Lambton-Kent*), McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Nielsen, (*Mrs.*), Perley, Rennie, Rheaume, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Tustin, Ward, Weir, Whitman.—43.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce.

A quorum being present, the Chairman called the Committee to order and the Clerk read the Order of Reference.

Discussion followed and Mr. Vincent Dupuis, M.P. for Chambly-Rouville requested the privilege of addressing the Committee. This being granted, Mr. Dupuis suggested to the Committee that a subcommittee be named to study Eastern farm problems.

Hon. J. A. MacKinnon, Minister of Trade and Commerce, also addressed the Committee.

It was suggested by Mr. Golding that the chiefs of the various wartime boards relating to agriculture should be heard by the Committee.

On motion of Mr. Diefenbaker, seconded by Mr. Senn, it was

Resolved,—That the Committee do report to the House and recommend that it be empowered to inquire into and review the policy of the Government as administered by the Canadian Wheat Board from August 1, 1942, up to the present.

Yeas, 21; nays, 19.

Mr. McNevin (*Victoria, Ont.*), moved that the committee do now adjourn. Motion negatived.

Mr. Cruickshank moved, seconded by Mr. Leclerc,—

That the Committee report to the House and recommend that it be empowered to cover and inquire into Dairying, Poultry and all other lines of Farm Produce, including Live Stock, and the processing and marketing of all farm products.

Mr. Ross (*Souris*) moved in amendment thereto that all the words after "empowered" be struck out and the following words substituted therefor: "to review the research work of the Department of Agriculture and also the work of that Department in respect to wartime activities."

Amendment negatived. Main motion passed in the affirmative.

On motion of Mr. Golding,—

Resolved—That the Committee report to the House recommending:—

(1) That authority be granted to print from day to day, 500 copies in English and 200 copies in French of minutes of proceedings and evidence to be taken by the said Committee, and that Standing Order 64 be suspended in relation thereto.

(2) That it be empowered to sit while the House is sitting.

(3) That the quorum be reduced from 20 to 15 members, and that Standing Order 63 (1) (*f*) be suspended in relation thereto

The Committee then adjourned to meet again at the call of the Chair.

WALTER HILL,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, June 1, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11.00 a.m. The Chairman, Mr. W. G. Weir, presided.

Members present: Messrs. Bertrand *(Prescott)*, Cardiff, Criuckshank, Donnelly, Douglas *(Weyburn)*, Evans, Fair, Fontaine, Gardiner, Golding, Henderson, Laflamme, Lafontaine, Leclerc, Leger, MacDiarmid, McCuaig, McCubbin, McNevin *(Victoria, Ont.)*, Mullins, Nielsen *(Mrs.)*, Perley, Quelch, Rennie, Rhéaume, Rickard, Ross *(Souris)*, Ross *(Middlesex East)*, Rowe, Senn, Soper, Tustin, Ward, Weir, Wright.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce, and the following officials of the Canadian Wheat Board: Mr. George McIvor, president; Mr. R. C. Findlay, comptroller; and Mr. Clyde B. Davidson, statistician.

The minutes of proceedings of the previous meeting held on Wednesday, May 26, were read and adopted, it being agreed that Mr. Cruickshank's motion therein, adopted by the Committee on that day, remain in abeyance until the Committee shall have disposed of the Canadian Wheat Board Report—Crop Year 1941-42.

The Chairman named the following as a steering committee: Messrs. Donnelly, McNevin *(Victoria, Ont.)*, Leclerc, Leger, Ross *(Souris)*, Wright, Fair and Weir.

The Committee proceeded to the consideration of the Report of the Canadian Wheat Board—Crop Year 1941-42.

Mr. George McIvor, chairman of the board, and Mr. R. C. Findlay, comptroller, were called and sworn by the Clerk.

On motion of Mr. McNevin *(Victoria, Ont.)*, the Committee adjourned to meet again at the call of the Chair.

WALTER HILL,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 1, 1943.

The Standing Committee on Agriculture and Colonization met this day at 12 o'clock noon. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we have with us this morning Mr. McIvor, the Chairman of the Canadian Wheat Board, Mr. Findlay, the Comptroller, and Mr. Clyde Davidson, a gentleman whose knowledge on the matter of wheat is very wide. Now, is it the wish of the committee to have the board called? Mr. McIvor suggested to me that it would meet the convenience of the board if Mr. Findlay's services could be utilized early in the committee's deliberations as he is the treasurer and the man who keeps things in order in Winnipeg, and Mr. McIvor is anxious for him to get back to his duties as he feels that his return to Winnipeg is of great importance.

Now, would the committee wish Mr. McIvor to make a general statement and then proceed to deal with the accounts themselves and secure any explanation that we need from Mr. Findlay?

Mr. PERLEY: I think it would be well to have Mr. McIvor make a general statement.

The CHAIRMAN: I should like his statement to be fairly brief, and he can add to it later with respect to policy.

Mr. PERLEY: When we come to the accounts, there is quite a difference between the set-up this year and that of last year, and a little explanation from Mr. Findlay would be valuable. Mr. McIvor could give us a general statement dealing with the report up to the accounts.

Hon. Mr. MACKINNON: I should like to say that when we met here last year the Canadian Wheat Board consisted of Mr. McIvor, chairman, Mr. Gordon Smith, vice-chairman, and the late Mr. Folliot as the other member of the board. The untimely passing of Mr. Folliot left a vacancy on the board that has been difficult to fill, but to that vacancy Mr. Daniel A. Kane, the general manager of the Manitoba Wheat Pool, has been appointed. At this time Mr. Smith has had to remain in Winnipeg to look after the operations of the board while Mr. McIvor and Mr. Findlay and Mr. Davidson have come to Ottawa. I thought you would like to have a word from me concerning Mr. Kane. In 1911 he bought grain for the original Reliance Grain Company in southern Saskatchewan. In 1916 he moved to Hanna, Alberta, and bought grain for a few months for the Home Grain Company and was appointed travelling superintendent with headquarters in Calgary. In 1921 he was appointed assistant manager of the Searle Grain Company, whose head office was then at Melfort, Saskatchewan, and shortly afterwards he was appointed manager of the Canada West Grain Company at Melfort, Saskatchewan. In 1922 the head office of that company was moved to Winnipeg, and in 1926 when the company was sold to the McLaughlin Grain Company he took over the management of that concern and also the Gold Grain Company. Elevators of both companies were chiefly in Saskatchewan. He continued with them until the fall of 1928 when he joined the Manitoba Pool Elevators. He has also taken care of the terminal operations for the Alberta Wheat Pool during the greater part of this period. I mentioned these facts to show you Mr. Kane's wide connection with the three western provinces.

The CHAIRMAN: May I say as one who comes from Manitoba that I am greatly pleased that the government has seen fit to choose a resident of Manitoba

as the additional member of the Canadian Wheat Board. I have known Mr. Kane for a number of years and have been associated with him to some extent, and I think the government ought to be highly complimented upon being able to secure his services. My own opinion is—and I say this frankly—that he is among the best grain men in the business and that he definitely has the producers' point of view at heart to a very great degree; and I may say that the contribution he can make to the wheat board by virtue of his wide experience should be most gratifying to the government and should be of great value in the operations of the board. Although we all regret the passing of Mr. Folliot, I may say again that as a Manitoba man I am pleased that we have been able to secure the services of Mr. Kane.

Now, last year the committee requested that the witnesses be sworn. It is a formality and is customary in matters of this kind, not because we doubt the honesty or integrity of the witnesses; and it would probably be well to proceed with that formality again.

Mr. GEORGE MCIVOR, Chairman of the Canadian Wheat Board, and Mr. R. C. FINDLAY, Comptroller of the Canadian Wheat Board, called and sworn.

The CHAIRMAN: Now, gentlemen, perhaps we could proceed by having a statement from Mr. McIvor somewhat along the lines suggested by Mr. Perley, and later on we can determine our procedure for future meetings.

Mr. MCIVOR: Mr. Chairman, Hon. Mr. MacKinnon and hon. members, I have not a prepared statement. In discussing the question of procedure with Mr. Weir, your chairman, I took the liberty of suggesting to him that, perhaps, if Mr. Findlay could go through the accounts and then be released to enable him to return home it would be most convenient to the board. I might say that I have to remain here this week on other business, irrespective of how long the committee sits or the period during which I shall have to appear before the committee. On the other hand, you know that Mr. Findlay, as comptroller of the organization, particularly at this season of the year has a great deal of work to do, and that is the reason why I am making this suggestion.

Mr. DOUGLAS: Are the proceedings of the committee to be reported from now on?

The CHAIRMAN: Yes.

Mr. MCIVOR: I should like to take this opportunity, Mr. MacKinnon, to thank you for your kindly reference to Mr. Folliot. I was associated with him on the board for a matter of four years and I wish to say to this committee that he was a real public servant, a very hard worker and a man of excellent judgment. Consequently, we felt his passing very keenly. However, I do wish to say also, in addition to what Mr. Weir has said, that we feel that in Mr. Kane we have one of the outstanding men in the trade and in producer circles in the marketing of grain in western Canada. I do not know personally of a more competent man. Therefore I feel very pleased that the government have appointed Mr. Kane as the third man on the board.

I do not know, Mr. Chairman, that I can do better than read the early part of this report which may bring up some questions which I shall endeavour to answer.

In 1941-42, the activities of The Canadian Wheat Board show the first reflections of the reduced emphasis on wheat and the trend toward diversification of western grain production. The restrictive effect of the third year of war upon the international movement of wheat resulted in enlarged accumulations of surplus wheat in the four chief exporting countries—a surplus which increased from 635 million bushels on July 31, 1939, to 1,430 million bushels on July 31, 1942.

Although supplying the bulk of the wheat requirements of the United Kingdom since the outbreak of war, exports of Canadian wheat were not sufficient to take care of the large crops harvested in 1939 and 1940, with the result that the Canadian carryover increased to record proportions on July 31, 1941. The upward trend in wheat stocks in Canada was only moderately offset by the small crop produced in 1941, the carryover at July 31, 1942, being 424 million bushels compared with 480 million bushels at July 31, 1941.

Thus, the third year of the war found the exporting countries generally concerned with problems of surplus wheat, problems of storage, and problems in the financing of wheat in all its aspects. These were the circumstances under which The Canadian Wheat Board operated in 1941-42, under the wheat program established by the dominion government for that crop year.

1941-42 WHEAT PROGRAM

With Canadian stocks of wheat indicating a prospective Canadian carryover of unprecedented proportions on July 31, 1941, the 1941-42 wheat programme was the subject of intensive study by the dominion government, The Canadian Wheat Board, and the advisory committee to The Canadian Wheat Board. In discussing plans for 1941-42 the report of The Canadian Wheat Board for the crop year 1940-41 stated:

> With the carryover of Canadian wheat threatening to exceed 500 million bushels, and with storage facilities badly congested, it seemed clear that continuation of the traditional policy of unrestricted wheat production was not advisable under war conditions. The considerable outlay for storage and carrying charges on huge stocks of wheat could not logically be increased, when the funds were needed in more direct war effort. There developed a fairly common agreement that wheat deliveries must be restricted to the amount of wheat that could be sold at home and abroad during the crop year 1941-42.

The 1941-42 wheat delivery program was provided for in order in council P.C. 3849 of May 30, 1941. This program called for the limitation of wheat deliveries for the crop year 1941-42 to approximately 230 million bushels for the whole of Canada. The Canadian Wheat Board was charged with the responsibility of implementing the limitation in total marketings of wheat in Canada, and under the above order in council was given the necessary regulatory powers. In the administration of the limitation on total marketings in the west, an "authorized acreage" for delivery purposes was established for each producer on the basis of 65 per cent of his declared wheat acreage in 1940. Facilities were provided for the upward adjustment of authorized wheat acreages in the case of producers who had seeded an unusually low wheat acreage in 1940. Particular attention was paid to those districts where drought and grasshoppers greatly reduced wheat seeding in 1940. Other producers had their authorized acreages lowered because of unusually high wheat acreages seeded in 1940. The adjustment of these extremes modified the inequities arising from the use of a single base year.

The number of bushels per authorized acre to be marketed in 1941-42 was left open until the size and pattern of the 1941 crop were known. Provision was made for a sliding scale of deliveries based on yields should the size and distribution of the 1941 crop make such an arrangement necessary.

The statutory fixed initial price of 70 cents per bushel basis in store Fort William/Port Arthur or Vancouver remained in effect.

The Wheat Acreage Reduction Act 1941 played an important part in defining the wheat position in Canada during 1941-42. Under this legislation bonuses were paid for wheat acreage reduction in 1941 as compared with 1940.

THE DEVELOPMENT OF THE 1941 CROP

(a) Acreage

As contemplated by the 1941-42 wheat program, including the introduction of bonuses for wheat acreage reduction, a very large decline in wheat acreage was reported by the Dominion Bureau of Statistics on August 10, 1941. The acreage sown to wheat in Canada declined from 28,726,000 acres in 1940 to 21,882,000 acres in 1941, and wheat acreage in the prairie provinces declined from 27,750,000 acres to 21,140,000 acres—a reduction of about 24 per cent. Wheat acreage in the prairie provinces in 1941 was the lowest in fifteen years, and returned to the approximate levels of 1927 and 1928.

(b) Growing Conditions

The 1941 crop was seeded under favourable circumstances and it was not until June 15th that adverse conditions developed in parts of Saskatchewan and Alberta. During the balance of June and July a combination of drought and extremely high temperatures caused a rapid deterioration in the grain crops in Saskatchewan and Alberta. Conditions remained favourable in Manitoba throughout the season. By the middle of July it was apparent that 1941 production would be well below average. The following table shows grain production in Canada and in the prairie provinces in 1941, with comparative figures for 1940:

	All Canada		Prairie Provinces	
	1941	1940	1941	1940
	(million bushels)		(million bushels)	
Wheat	315	540	296	514
Oats	306	381	178	229
Barley	111	104	95	83
Rye	12	14	10	12
Flax	6	3	6	3
Totals	750	1,042	585	841

Wheat production in Canada was 225 million bushels less than in 1940, and the production of all grain and flaxseed was 292 million bushels less than in the previous year.

The decline in wheat production in 1941, resulting from low yields per acre and a large reduction in wheat acreage, was reflected in the subsequent administration of 1941-42 wheat policy by The Canadian Wheat Board. Although crop estimates made in the fall of 1941 turned out to be too low when disposition data were complete, it was apparent that the probable deliveries would not be sufficiently different from "approximately 230 million bushels" to justify the continuance of a restrictive quota system.

MARKETINGS AND PRICES

During the crop year 1941-42, producers in western Canada marketed 227·9 million bushels of wheat as compared with marketings of 456 million bushels during 1940-41. Thus, marketings in 1941-42 were about one-half the volume of the preceding crop year. Of particular importance, wheat marketings by producers during the last month of the crop year amounted to about 25 million bushels. The last week of July was the third heaviest delivery week of the entire crop year, over 9 million bushels of wheat being marketed in that week. These heavy deliveries in the last few weeks of the crop year materially affected the storage situation at a large number of points in the west, and had definite reper-

cussions upon available storage space and delivery quotas in the early part of the new crop year commencing on August 1, 1942. Heavy deliveries of wheat in the final months or weeks of the crop year will always present administrative difficulties for The Canadian Wheat Board, and will have repercussions on the ensuing crop year as long as relatively large stocks are being carried in Canada.

Of total marketings of 227·9 million bushels in the west during the crop year 1941-42, producers delivered 100 million bushels to the board, or about 44 per cent of their marketings. In the previous crop year producers delivered 395 million bushels to the wheat board out of total marketings of 456 million bushels.

The relatively small amount of wheat delivered to the board in 1941-42 was a reflection of the fact that the market price for wheat remained steadily above the board's price throughout the crop year, as shown in the following table:—

	Board Price No. 1 Nor. Wheat Plus Farm Storage	Cash Closing Price* No. 1 Nor. Wheat	
	(cents per bushel)	High	Low
August	70	74⅜	71⅝
September	70	73¼	71⅜
October	70	77⅜	71⅝
November	70½—71	74⅝	72½
December	71 —71½	75⅜	73¾
January	71½—72½	78⅜	74⅝
February	72½—73	78¾	75½
March	73 —73½	78½	76⅜
April	73½—74	79¼	78⅝
May	74 —75	79⅝	79¼
June	75 —75½	80⅜	79⅝
July	75½—76	81¼	80⅜

* Basis in store Fort William/Port Arthur.

EXPORTS

Overseas clearances and United States imports of Canadian wheat amounted to 176,081,138 bushels. Exports of wheat flour were maintained at a high level in 1941-42, and were the equivalent of 45,926,003 bushels of wheat. Thus total exports of wheat and wheat flour amounted to 222,007,141 bushels as compared with 231,206,246 bushels in the preceding crop year 1940-41. As in the previous crop year, the United Kingdom was the main purchaser of Canadian wheat and Canada provided a very large share of total British imports.

WESTERN PRICES

As in 1940-41, the initial price of the basic western grade, No. 1 northern, was fixed by statute at 70 cents per bushel. On August 2, the board fixed the initial price of other principal grades, and these were approved by order in council P.C. 5913. The remaining initial prices were fixed by the board and approved by the government on August 22 under order in council P.C. 6552.

THE DELIVERY QUOTA SYSTEM

Since it was apparent early in the crop year that the marketable surplus of the 1941 crop in the west would not exceed the limit of marketings established by the dominion government under its wheat policy for the crop year, the board proceeded to operate its wheat delivery quota system on the basis in effect in 1940-41. On July 24, 1941, the board announced that there would be no

delivery quotas on oats, barley, rye and flaxseed, and that producers could deliver these grains without restriction as to delivery point and without entering such deliveries in their 1941-42 permit books. The reason for this decision was the small crop harvested in 1941 and the certainty that deliveries of these grains would be absorbed without difficulty and without taking up available storage space for any length of time. On the same date, the board announced that effective August 1, 1941, the first quota on wheat deliveries would be 5 bushels per authorized acre. By "authorized acre" is meant the wheat acreage for delivery purposes established by The Canadian Wheat Board and shown in each permit book. It was necessary to place restrictions on the marketing of wheat during the fall months because less than 90 million bushels of space were available in country elevators on August 1, 1941, and even though the wheat crop was small, care had to be taken to see that each producer secured his fair share of the available storage space until such time as space was available for all 1941-42 deliveries.

A note-worthy feature of the 1941-42 crop year from the delivery quota standpoint was the rapid rate at which delivery quotas were increased. The general 5 bushel per authorized acre delivery quota remained in effect until October 7, when it was raised to 8 bushels per authorized acre. On October 16 the general quota was increased to 12 bushels per authorized acre and on November 21 to 15 bushels. On November 18, the board established a number of "open delivery points" where space was sufficient to take care of the balance of prospective 1941-42 marketings. The number of delivery points on an "open delivery" basis was rapidly increased during the last two weeks of November, and on December 4, all delivery points in the west were placed on an "open delivery" basis.

Little trouble was experienced with infractions of the delivery quotas during the short period the quotas were in operation. Sixty cases were investigated and twenty-three prosecutions launched, convictions being obtained in all cases.

The CHAIRMAN: Is it the wish of the committee to have this brief read into the record or can we proceed in some other manner?

Mr. PERLEY: There is not very much more, Mr. Chairman. I think he had better finish it. As I understand it, he will be aavilable after Mr. Findlay is through. It may be that some of us may make a notation with respect to certain questions that should be asked.

The CHAIRMAN: Is it the wish of the committee to proceed in that way?

Mr. MCCUAIG: What is the purpose of having it copied into the record?

Mr. PERLEY: It may be useful if you are going to ask any questions on it later.

The CHAIRMAN: All right; we shall proceed.

Mr. PERLEY: It does not take any more time.

Mr. MCIVOR:

FARM STORAGE

In accordance with the powers granted to the board by section 7(h) of The Canadian Wheat Board Act, as amended in 1940, farm storage payments were made to producers on the same basis as in 1940-41, namely at the rate of 1/45 of a cent per bushel per day. Farm storage commenced on October 8th and was paid on all grades of wheat delivered to the board between November 1, 1941 and July 31, 1942.

The following table shows board wheat receipts from producers and the payments made to producers on account of farm storage:

Time of Delivery to the Board (dates inclusive)	Board's Fixed Price No. 1 Northern basis Ft. Wm./Pt. Arthur or Vancouver	Farm Storage Payable	Board's Fixed Price Plus Farm Storage	Receipts from Producers	Payments Made to Producers
Previous to Nov. 1, 1941	70	..¢	70¢	55,245,650-15	$ .....
Nov. 1 " Nov. 22	70	½	70½	15,180,265-05	75,901 21
Nov. 23 " Dec. 15	70	1	71	13,088,101-55	130,880 76
Dec. 16 " Jan. 7, 1942	70	1½	71½	6,426,618-00	96,398 92
Jan. 8 " Jan. 30	70	2	72	2,918,939-35	58,378 66
Jan. 31 " Feb. 22	70	2½	72½	950,080-15	23,751 82
Feb. 23 " Mar. 17	70	3	73	1,292,057-40	38,761 53
Mar. 18 " Apr. 9	70	3½	73½	744,271-50	26,049 42
Apr. 10 " May 1	70	4	74	356,274-50	14,250 95
May 2 " May 24	70	4½	74½	501,404-40	22,563 21
May 25 " June 16	70	5	75	587,594-40	29,379 70
June 17 " July 8	70	5½	75½	532,911-45	29,310 10
July 9 " July 31	70	6	76	1,717,027-50	103,021 70
				99,541,198-20	$648,647 98

Total payments to producers for farm storage amounted to $648,647.98 during 1941-42, as compared with $6,147,524.03 paid in 1940-41. Farm storage payments in 1941-42 reflected the relatively heavy marketings previous to November 1, the higher prices for wheat marketed outside the board, and the smaller crop.

PROCESSING LEVY

By order in council P.C. 5844, dated July 31, 1941, the section in The Canadian Wheat Board Act providing for the collection of the processing levy was repealed. In accordance with this order in council the board discontinued the processing levy at the close of business on July 31, 1941, and in the 1941-42 crop year merely completed the collection of levies due to the board up to and including July 31, 1941.

SPECIAL MEASURES REGARDING FLAXSEED

On March 5, 1942, order in council P.C. 1636 "froze" the stocks of flaxseed in Canada under the supervision of The Canadian Wheat Board and provided penalties for any breach of the order. This step was taken because the necessary supply of vegetable oils for Canada and her Allies was seriously threatened by the spread of war in the Pacific area. A higher price was intended for 1942 production and control of existing stocks was an essential prerequisite to the establishment of the new policy.

On March 9, 1942, order in council P.C. 1800 gave The Canadian Wheat Board wide powers in respect to flaxseed in Canada, subject to the naming of an effective date upon which this order in council would come into effect. On March 19, 1942, order in council P.C. 1800 was brought into effect by order in council P.C. 2166.

The Canadian Wheat Board was given compulsory power to take title to and possession of all flaxseed in store in Canadian elevators, warehouses and mills, whether licensed or unlicensed, and the acceptance of delivery of flaxseed from producers was made a duty of the board. The board was empowered to take over such flaxseed on the basis of Winnipeg market prices on the day preceding the effective date of order in council P.C. 1800. The order in council also provided for the suspending of trading in flaxseed futures and cash flaxseed on any grain exchange, or elsewhere in Canada. In the selling of flaxseed

acquired under this order in council, the board was specifically instructed to observe the maximum price regulations in respect to this product. The basis of the board purchases of flaxseed from producers during the crop year 1942-43 was also set forth.

Under order in council P.C. 1800, which was made effective from March 19, the board took over 1,968,462-09 bushels of flax prior to July 31, 1942 (including purchase of 1941 flaxseed from producers). Between the effective date of order in council P.C. 1800 and the end of the crop year on July 31, 1942, board sales of flax amounted to 1,339,205 bushels, leaving stocks on hand on July 31, 1942, of 629,257-09 bushels. Open futures trades of 1,116,000 bushels were closed out on the basis of, and under the authority of order in council P.C. 1800.

EASTERN DIVISION

On June 25, 1941, by order in council P.C. 4535, the price of 70 cents per bushel, basis delivered in Montreal, for No. 1 grades of Canada Eastern winter wheat, was continued for another year. On July 8, 1941, by order in council P.C. 5040 prices of No. 2 and No. 3 grades were fixed at 68 cents and 65 cents per bushel respectively.

Owing to the small wheat crop in Ontario in 1941, the price of Ontario wheat rose far above the board's initial price, as established by order in council P.C. 4535. Ontario producers therefore had a market for their wheat outside of The Canadian Wheat Board. As a result, only a very small amount of wheat was delivered to the board by one producer, which would have meant excessively high per-bushel handling costs. For these reasons, the government, by order in council P.C. 7700, dated October 4, 1941, announced that The Canadian Wheat Board would accept Ontario winter wheat only in the event that the market price for No. 1 grades of Ontario winter wheat at country points fell below the price of 80 cents basis export rail freights to Montreal. This same order further empowered the board to return to the producer the small amount of 1941 wheat delivered to the board prior to October 4, 1941. The terms of order in council P.C. 7700 were carried out by the board, and since the price remained above the figure set, no deliveries to the board were made and there are no operations to be reported.

ADVISORY COMMITTEE

The advisory committee continued to render assistance to the board and to the dominion government during the crop year 1941-42. During the crop year four meetings of the advisory committee were held and a wide range of matters came under review of the committee. Particular attention was paid to formulation of recommendations in respect to the wheat policy for 1942-43, two meetings of the advisory committee being largely devoted to this purpose. Among other important matters referred to the advisory committee were farm storage, car allotment, basis of delivery quotas and the domestic price of wheat.

During the year, Mr. D. G. McKenzie, chairman of the advisory committee, tendered his resignation on being appointed Chief Commissioner of the Board of Grain Commissioners for Canada. Mr. McKenzie was succeeded on the committee by Mr. R. C. Brown of Pilot Mound, Manitoba, and Mr. Lew Hutchinson was elected chairman of the advisory committee.

1942-43 PROGRAM

After several months of thorough consideration, the dominion government announced its 1942-43 grain program on March 9, 1942. Among the factors which were of decisive importance in determining the 1942-43 grain policy were the following:—

(1) The necessity of increasing production of oats and barley to meet the feed situation arising from a rapidly expanding live stock industry; and the necessity of increasing flaxseed production in order to secure war-time requirements of vegetable oils;
(2) The large stocks of wheat in Canada in relation to available storage capacity, and to market possibilities;
(3) The need to improve the income of those producers whose main cash crop is wheat.

The 1942-43 grain program, as announced by the Hon. James A. Mackinnon, Minister of Trade and Commerce, and the Hon. J. G. Gardiner, Minister of Agriculture, is summarized as follows:—

(1) *Prices*

The fixed initial price was increased from 70 cents per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver to 90 cents per bushel for the same grade of wheat in the same position.

(2) *Limitation of Marketings*

For the crop year 1942-43 permitted marketings were set at 280 million bushels for the West, as compared with 230 million bushels for all of Canada in the previous crop year.

(3) *Minimum Prices for Barley*

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row, or No. 2 Canada Western 2 Row or 6 Row—60 cents per bushel; No. 3 Canada Western—58 cents per bushel; or No. 1 Feed—56 cents per bushel.

(4) *Minimum Prices for Oats*

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats—45 cents per bushel; Extra No. 3 Canada Western, No. 3 Canada Western, or Extra No. 1 Feed—42 cents per bushel; or No. 1 Feed—40 cents per bushel.

(5) *Fixed Price for Flax*

For the crop year 1942-43 The Canadian Wheat Board was designated as the only agency to receive flaxseed from producers in Canada. The Canadian Wheat Board was empowered to purchase flaxseed on the basis of $2.25 per bushel for No. 1 Canada Western Flax, basis in store Fort William/Port Arthur.

(6) *Payments for Wheat Acreage Reduction*

With some changes, acreage bonuses under the Wheat Acreage Reduction Act were continued for 1942-43.

ADJUSTMENT OF CANADIAN WHEAT STOCKS TO HIGHER PRICE LEVEL

On March 5, 1942, a resolution appeared on the order paper of the House of Commons providing for "the payment of an increase rate per bushel of wheat delivered by producers". Pending official action, The Canadian Wheat Board

issued a press announcement, which was brought to the attention of those concerned prior to the opening of the market on March 6, 1942. The announcement read as follows:—

> A resolution placed on the order paper for March 5, 1942, indicates the government's intention to increase the initial price of wheat. This is an official notification of our intention that all open wheat futures will be adjusted to the new level of wheat prices on or before July 31, 1942, and that all open wheat futures will be cleared on or before this date at the closing prices of Thursday, March 5, that is May wheat futures at 79¼ cents and/or July wheat futures at 80⅜ cents. If this action is not taken until July 31, suitable carrying charges will be allowed to holders of cash wheat for the elapsed period during the month of July. Unhedged cash wheat will be adjusted on the same basis. In the meantime holders of cash wheat as well as futures may continue to carry on with their normal business bearing in mind the above.

The result of this action was that persons holding cash wheat or wheat futures could not sell at prices higher than those ruling at the market close of March 5, after allowing for carrying charges.

On March 9, 1942, order in council P.C. 1803 was passed, giving The Canadian Wheat Board all the necessary powers to transfer all non-board or open market stocks of Canadian wheat (Western Canada grain grades) to the new and higher price level. An important feature of the mechanism was to prevent speculative profits accruing as a result of this decision in respect to wheat policy. By the terms of the order in council, The Canadian Wheat Board was given the power, up to and including July 31, 1942, to buy actual wheat from persons other than producers, to control and adjust trading and contracts in Winnipeg wheat futures and to exercise any other powers necessary to give effect to the change from the lower to the higher price level.

The board carried out the instructions contained in the order in council. The procedure employed is found in Instructions to the Trade No. 113 of June 15, 1942, and No. 133 of July 29, 1942. The actual operations involved in carrying out the order, including the purchases, net sales and unsold stocks held by the board are found in a subsequent section of this report.

MAXIMUM PRICES OF GRAINS

The board undertook the responsibility of acting as administrator on behalf of The Wartime Prices and Trade Board in defining the maximum prices at which certain grains traded during the basic period September 15 to October 11, 1941.

SALES TO THE UNITED KINGDOM

A sale of 120 million bushels of Winnipeg wheat futures was made to the United Kingdom in November, 1941, and a further sale of 120 million bushels was completed in May, 1942.

LONDON OFFICE

Mr. R. V. Biddulph, European commissioner of the board, continued his liaison work between the board and the Imported Cereals Division of the United Kingdom Ministry of Food and also acted as the board's agent in transactions with the United Kingdom treasury. He also assisted in the negotiations leading to the sale of wheat to Russia on credit and the gift of wheat to Greece.

The board's film "The Kinsman" was re-edited during the year and was extensively used by the United Kingdom Ministry of Information.

PACIFIC COAST

The continued shortage of shipping caused a further reduction in the Pacific Coast wheat business during 1941-42. Only 2,980,175 bushels were unloaded at Pacific Coast terminals and 3,855,474 bushels were shipped. The latter figure compares with 4,056,218 bushels in 1940-41. The board's sales of wheat at the Pacific coast during the year amounted to 4,066,123-30 bushels.

CHURCHILL

There was no movement into or out of Churchill during 1941-42, the elevator remaining full of wheat.

OPERATING AND FINANCIAL SUMMARY

During the year under review the board had an open, or unsold, position for three crop seasons, and since August 1, 1942, another season has been added, making four crop years in operation at one time. The following tables show the position of the 1941, 1940 and 1939 crop years as at the date of the balance sheet, and in addition there is a table showing the operations of the special account authorized under order in council P.C. 1803 of March 9, 1942. Elsewhere in the report is a statement of the operations of the Flax Division—1941 crop account, being the operations authorized under order in council P.C. 1800 of March 9, 1942, previously commented upon. As the board did not handle Ontario wheat in the 1941 crop year, there is no operating statement shown in respect of the Eastern Division.

The CHAIRMAN: I think, Mr. McIvor, we will stop there at the present time. That pretty well completes the general statement that you would give, in any event. From there the committee might be agreeable to hearing Mr. Findlay. May I ask if the members have in mind any particular information or sets of figures which they would like to follow up and which Mr. Findlay could prepare and give to the committee. If they could suggest their questions now, or if they have not got them ready now but could make them ready later in the day and would let me have them, I would see that Mr. Findlay got them, so that he could get any information of that character.

Mr. DOUGLAS: Would Mr. Findlay have anything with him—I am not sure of the term—in connection with the proceeds from seed wheat and coarse grains that have been exported under these export permits? I understand there was a fund set up.

Mr. WRIGHT: The equalization fund, you mean.

Mr. DOUGLAS: Yes. The equalization fund, I understand it was called. Probably Mr. Findlay could give us some information on that while he is here.

The CHAIRMAN: I do not suppose there is anything completed with respect to that from which you could give a statement as to the figures.

Mr. FINDLAY: No.

The CHAIRMAN: I think the policy pursued is probably what you have in mind, Mr. Douglas.

Mr. DOUGLAS: Yes.

The CHAIRMAN: That will be given by Mr. McIvor.

Mr. MCIVOR: I will deal with that.

Mr. ROSS: Mr. McIvor will be able to give us all the details in connection with that policy this year.

Mr. MCIVOR: Yes.

The CHAIRMAN: He will try to put them before this committee and deal with them in a regular manner, and get all the information the committee desires. So that I say if there is anything in the way of a general composite picture or if there is any particular set of figures members would like to have from Mr. Findlay, if they would so indicate, he would have an opportunity this afternoon to prepare them.

Mr. PERLEY: I think we will have to have a statement from Mr. Findlay. He will review these accounts, I would judge.

The CHAIRMAN: Yes. I thought there might be some particular breakdown or set of figures that members of the committee might like to have. Would the committee be agreeable to meeting to-morrow?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Will someone move that the committee adjourn?

Mr. MCNEVIN: I will.

Mr. DOUGLAS: I think that as Mr. Findlay is here, we should try to get on.

The CHAIRMAN: Then we will adjourn to meet at the call of the chair, with the understanding that we will try to arrange a meeting to-morrow.

The committee adjourned at 1 o'clock p.m., to meet again at the call of the chair.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, JUNE 3, 1943

Reference

REPORT OF CANADIAN WHEAT BOARD FOR CROP YEAR 1941-1942

WITNESSES:

Mr. George McIvor, Chairman of the Canadian Wheat Board.

Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

THURSDAY, June 3, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11.00 a.m. The Chairman, Mr. W. G. Weir, presided.

Members present: Messrs. Aylesworth, Cardiff, Clark, Cloutier, Dechene, Diefenbaker, Donnelly, Douglas (*Weyburn*), Dubois, Evans, Fair, Furniss, Golding, Henderson, Lalonde, Leclerc, Leger, MacDiarmid, McCuaig, McNevin (*Victoria, Ont.*), Perley, Rheaume, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Tustin, Ward, Weir, Whitman, Wright.

In attendance: Mr. George McIvor, Chairman; Mr. R. C. Findlay, Comptroller; and Mr. Clive B. Davidson, Statistician, all of the Canadian Wheat Board.

Minutes of the previous meeting held on Tuesday, June 1, were read and adopted as amended by adding to the list of members present the names of Mr. Diefenbaker and Mr. Whitman.

The Committee proceeded to the further consideration of the Report of the Canadian Wheat Board for the crop year 1941-42.

Mr. McIvor and Mr. Findlay resumed the witness stand.

At the request of Mr. Perley, the Chairman of the Board agreed to table for the Committee the latest agreements made between the Board and the different Grain firms and companies operating in the interior, and also those with the exporters, the brokers and the terminal elevators.

At 12.00 o'clock noon the Committee adjourned to meet again at the call of the Chair, the early adjournment being arranged to give members of the Committee an opportunity of hearing the address of Dr. Eduard Benes, President of the republic of Czechoslovakia.

WALTER HILL,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 3, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock, a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Now, gentlemen, at our last meeting we had Mr. McIvor before the committee, and Mr. McIvor read the report as far as page 12, which was for the most part a general statement by Mr. McIvor. Would the committee be prepared now to call Mr. Findlay to proceed to deal with the various accounts in the report? Mr. McIvor will remain with us to discuss all matters that arise with which Mr. Findlay cannot deal, and he will come before the committee again at a later date. However, it would be convenient all around if Mr. Findlay could be brought on to deal with these detailed matters so as to leave him free to return to the Winnipeg office at the earliest possible date.

Mr. PERLEY: May I suggest that Mr. McIvor reviewed what one might term the preamble to the accounts at our last meeting, and I presume he is going to be available to the committee at a later date. I was going to ask that certain documents be tabled, and I was going to ask one or two questions with respect to this preliminary statement made by Mr. McIvor. Maybe he could answer my questions to-day. I was going to ask that agreements be tabled if that will be in order at the present time. I would not take very long in putting a few questions to Mr. McIvor covering what he reviewed at our last meeting, because they might involve some questions which might be asked of Mr. Findlay later.

The CHAIRMAN: Personally, I have no objection. I understood at the last meeting that we would have a general statement from McIvor and then proceed with Mr. Findlay's evidence so as to allow him to give explanations and to give detailed information with respect to various accounts that are set up in the report.

Mr. MCNEVIN: That was the understanding. Mr. Findlay's explanation of these accounts might very easily eliminate some of those questions that might be asked, and I think we would make greater progress if we went through Mr. Findlay's statement, then Mr. McIvor will be available for any further questioning.

Mr. PERLEY: There are certain matters with resepct to Mr. McIvor's statement upon which I should like to ask two or three questions before we proceed with Mr. Findlay. I was going to ask that the agreements that have been made with the different grain companies and grain firms operating in the interior and also the exporters be tabled, and also any agreements that they have with brokers, and also the list of brokers that was used last year be tabled. Would there be any objection to tabling those documents? I would like to get the agreements up to date which they have with the grain companies, with the exporters, the terminal elevators and the brokers.

The CHAIRMAN: Would you set out what you want?

Mr. PERLEY: I want that.

The CHAIRMAN: I think it is necessary to put it before the committee in the form of a motion.

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Mr. PERLEY: I want the agreements tabled up to date.

The CHAIRMAN: Make a motion to that effect.

Mr. PERLEY: I want any agreements that they have with the grain firms. I move that the board table the latest existing agreements which they have with all the export firms, or grain firms operating interior elevators or terminal elevators.

Mr. McIVOR: We have no agreements with export firms. If Mr. Perley has reference to the agreements we have with the elevator companies handling grain we shall be glad to table them.

Mr. PERLEY: Have you any agreements with export firms, some of whom are also operating terminal elevators?

Mr. McIVOR: The only agreements we have with any export firms who are operating elevators are the regular printed annual agreements which will be tabled.

Mr. PERLEY: You have only the one agreement?

Mr. McIVOR: Yes.

Mr. PERLEY: Have you no agreements with brokers?

Mr. McIVOR: No.

Mr. WHITMAN: That agreement will be tabled.

Mr. PERLEY: Also, I should like a list of the firms with whom they have made those agreements, the stock agreements; it is made with all of them—I should like a list of the firms with whom you have those agreements.

Mr. McIVOR: Yes, we will get that for you.

Mr. PERLEY: Now, Mr. Chairman, I do not know whether it comes under Mr. McIvor's branch, but they have leases with elevators—government elevators have been leased to private grain firms or grain firms—

Mr. McIVOR: That is under the Board of Grain Commissioners.

Mr. PERLEY: It comes under the Department of Trade and Commerce, of course?

Mr. McIVOR: The Board of Grain Commissioners, as you know, report to the Department of Trade and Commerce.

Mr. PERLEY: Then may I ask this: after those leases have been made by the Board of Grain Commissioners to the grain firms what part do you play in carrying out those leases with respect to grain?

Mr. McIVOR: We have nothing to do with it; that is a lease between the Board of Grain Commissioners and, I presume, you are referring particularly to—

Mr. PERLEY: The Alberta Pacific Grain Company; have they not leased the terminals at Vancouver?

Mr. McIVOR: I think they have a terminal leased from the Harbour Commissioners in Vancouver. We have nothing to do with that.

Mr. PERLEY: The agreement you have with the Alberta Pacific Grain Company—

Mr. McIVOR: The agreement with the Alberta Pacific Grain Company has nothing to do with the lease.

Mr. PERLEY: No, but the grain is handled under the elevator's lease.

Mr. McIVOR: Grain carried in those elevators is carried at the regular Vancouver rates of storage, a sixtieth of a cent per bushel a day as arranged under the terms of the Board of Grain Commissioners.

Mr. GOLDING: We can get this information any time.

Mr. DIEFENBAKER: I understand that Mr. McIvor will be available and that any questions we have to ask him will be asked after Mr. Findlay has completed his evidence?

The CHAIRMAN: I might say that Mr. McIvor will be available for the committee until he is discharged by the committee.

Mr. DIEFENBAKER: That is very satisfactory. I have a number of questions I desire to ask.

The CHAIRMAN: Mr. McIvor or some other official of the board.

Mr. DIEFENBAKER: Oh, no, I want Mr. McIvor, Mr. Chairman.

The CHAIRMAN: It is understood that Mr. McIvor will be here.

Mr. MCIVOR: I shall be here until the committee releases me.

Mr. PERLEY: We are releasing Mr. McIvor for the moment and he will come back to all this later.

The CHAIRMAN: Quite. He is simply standing down. We will now ask Mr. Findlay to come forward.

R. C. FINDLAY, recalled.

The CHAIRMAN: Mr. Findlay is the comptroller of the Canadian Wheat Board and is the man who is as familiar as anyone with the set-up of the various accounts and the details with respect thereto. I do not know how the committee wish to proceed, but I was going to suggest that we might take up each account as it is set out in the report and ask Mr. Findlay to give us a general statement as to what it is, and then if there are any questions in the minds of any of the members as to any detail they might be asked then. We could then proceed to the next statement and so on until we get through the whole report. Now, we are on page 12 and the heading we are dealing with is "Western Division 1941 Crop".

By the Chairman:

Q. Now, Mr. Findlay, could you tell us in a word what that statement there sets out. We could proceed in the same manner with respect to the other statements?—A. Mr. Chairman and gentlemen, as the statement indicates from the heading this is a statement of the grain we took in for the handling of the 1941 wheat crop, and it gives the details of the different classifications of wheat, making up the total handlings as shown by the operating statement.

Q. Does that mean that you handled in that year 99,541,198 bushels?—A. Yes, that is correct, Mr. Chairman.

By Mr. Senn:

Q. This statement is entitled "Western Division"; is there no wheat delivered from the eastern division?—A. There are no operations in the eastern division this year. We maintain the title because of the fact that these two divisions may again come into our accounts.

By Mr. Whitman:

Q. The footnote refers to 38,000,000 odd bushels; that is in addition to the 99,000,000 bushels, is it?—A. That is part of it.

The CHAIRMAN: That is wheat taken in.

By Mr. Whitman:

Q. That is what was paid for?—A. No, that small figure, 38,016,158 bushels, that was not paid for at the date of the balance sheet; that was paid for as it was delivered in a deliverable position at the terminal elevators or mills, as the case may be.

Q. Is it contracted for or had the wheat board accepted that?—A. The agents of the board have bought it from the producers for our account, but we do not pay for it until it is actually delivered.

Q. That is included in the 99,000,000?—A. Yes.

By Mr. Evans:

Q. What were the total deliveries of wheat for the crop year 1941-42 in western Canada?

Mr. McIvor: 227·9 million bushels.

Mr. Evans: The difference between what the board handled and the total deliveries must be handled by the private companies?

Mr. McIvor: That is right.

Mr. Douglas: What percentage is that for the year, roughly?

Mr. McIvor: The total figure is 227·9 million bushels of which the board handled 99,500,000 bushels.

Mr. Douglas: About 45 per cent.

Mr. McIvor: Yes, roughly.

Mr. Douglas: That is below the average, is it not?

The Witness: The previous year it was much heavier because the board price and the market price were very close throughout the year.

The Chairman: Can we proceed with page 13?

The Witness: The first table you see at the top of the page shows the ultimate disposition of the wheat which we handled for that crop year; it shows the bushelage shipped to the head of the lakes, to Vancouver, the interior terminals and the mills, the quantity sold at country elevators, and the balance in store in the country as of the date of the balance sheet.

Mr. Perley: Was all that wheat shipped to the mills ground in Canada into flour and sold in Canada?

The Witness: We have no control of it, of course, after we sell it; but I imagine it is almost exclusively ground in Canada.

By Mr. Donnelly:

Q. What was sold at the country elevators? Who bought it?—A. The mills and the producers.

Q. At the country elevators?—A. Yes. It is shipped from the country elevators direct to the mills.

By Mr. Perley:

Q. What do you mean by producers?—A. The producers buy some wheat, feed and seed—both.

By Mr. Diefenbaker:

Q. There was some question some months ago with regard to certain sales, rejected sales to Mexico; would that be the 1941 crop?—A. No; that might be from either crop.

Q. What was the amount of that? Will you tell the committee the situation with regard to that wheat sold to Mexico and subsequently cancelled in part?

Mr. McIvor: I believe that transaction was in the fall of 1942.

Mr. Diefenbaker: What wheat did that represent?

Mr. McIvor: In all there was about—

Mr. Diefenbaker: I am interested because there were so many stories told about that wheat. The matter has never been dealt with except casually in the house.

Mr. McIvor: In all there were about three-quarters of a million bushels.

Mr. Diefenbaker: Which was sold?

Mr. McIvor: Yes.

Mr. Diefenbaker: What was the amount that was negotiated for?

Mr. McIvor: The original amount contemplated was about 2,000,000 bushels.

Mr. Diefenbaker: Not 12,000,000?

Mr. McIvor: No; 2,000,000.

Mr. Diefenbaker: What was the hold-up?

Mr. McIvor: I presume it was the Inter-State Commerce Commission or the Office of Transportation which passed an order that prohibited the movements of grain across the country from one country to another country. They felt that the movement of this grain would use up railway cars which should be used more efficiently in other respects, and that limited the quantity they could move.

Mr. Diefenbaker: But for that order would you have a fairly good field there for export?

Mr. McIvor: Well, all I could say is that we could at least have worked the 2,000,000 bushels.

Mr. Diefenbaker: Did you make any representations to the United States government with regard to the order, or to the Inter-State Commerce Commission?

Mr. McIvor: No.

Mr. Diefenbaker: There were no representations made asking for the revocation of that order?

Mr. McIvor: I did not make any.

Mr. Diefenbaker: As far as the board is concerned?

Mr. McIvor: Yes.

Mr. Diefenbaker: And was the transaction with the Mexican interests made with the board directly?

Mr. McIvor: Yes.

By Mr. Evans:

Q. With regard to that 3,866,000 odd bushels, was part of that sold back to the producers for feed, or was the feed wheat included in that?—A. Part of it, undoubtedly, was sold for feed and part of it for seed.

By Mr. Wright:

Q. It was sold for feed or seed to the producers; what was the price charged? How much was the price over the market price? Was that the same price charged to the mills when they bought from the country elevators? Did they pay the same price as the producers?—A. Yes, generally speaking, they did; 1½ cents in the case of the mills.

By Mr. Perley:

Q. On page 11 under the heading "Sales to the United Kingdom" concerning 120,000,000 bushels—the minister brought that matter up in the house—could you tell us what other large sales were made during that year? The board evidently only sold 55,000,000, so that in the case of a great deal of that 120,000,000 bushels another sale would have to be made by exporters and that did not go through the board's hands at all, did it?—A. Well, there were two sales in that particular year. If you will hold your question for a moment until we get to the next statement I think you may get part of your answer there.

By Mr. Senn:

Q. Is this the 1941 crop which was undoubtedly held over from the preceding crop year; none of these figures have anything to do with the hold over, do they? —A. No, but you will get this statement further on in the report.

Mr. SENN: All right, thank you. Then, I see there is a note there at the bottom of page 13 that gives some additional information on it.

The CHAIRMAN: Proceed, Mr. Findlay, please.

The WITNESS: The next item shows the deliveries by producers to the board, as reported by the board's agents; net sales, and unsold stocks held by the board at the end of each month. And then there are two footnotes underneath which show you the disposition of the big sales made in November and May of that particular year; and that footnote also shows the allocation of those sales over the various crop years.

By Mr. Donnelly:

Q. What proportion do you allocate to each crop year? There must be some main basis for it, say the sales are a million or ten million bushels; how do you allocate such sales to the several crop years involved?—A. They are allocated on the basis of the unsold position of each of the crops. That is the basis for allocation.

Q. You mean, you take the proportion of what is left out of each crop year? —A. Yes.

Q. Well then, you do not allocate it to one crop until that crop is cleared up and then start on the next?—A. No. You will find later on in this report that we are still selling wheat from the 1939 crop.

By Mr. Douglas:

Q. That is not a matter of government policy, that is a matter of board policy; but to a layman it would look like good business to clear up 1939, then 1940, and have it completely disposed of rather than cleaning up a little out of each crop year.—A. That is a difficult question to ask me because that involves a matter of board policy. I will be glad to give my opinion if I had to decide what should be done: you would have to consider the rights of the various participants to deliveries in a crop year.

The CHAIRMAN: And of the participation certificates.

The WITNESS: Well, you have to try to play the game with all of them.

By Mr. Douglas:

Q. Is it not true that you cannot make any adjustments to the producers until all of the wheat is sold for any one crop year?—A. That is right.

Q. So you are not paying any of them on it until you sell the whole crop out of each crop year?—A. You take in the case of the 1939 crop, there will be sales made from time to time from the inception of that crop year. At the time these sales were allocated nobody knew whether there was any possibility of paying anything on participation certificates or not. It is one of the most difficult questions the board have to decide. The board have to decide what is the fair and equitable thing to do with regard to any of the participants who have delivered with respect to each of the crop years.

Mr. FAIR: Is the amount of wheat in storage, that now moving into use, sufficient to take care of the actual shrinkage up to the date of sale, and—

The CHAIRMAN: I wonder, Mr. Fair, if we could leave that type of question until we are discussing the elevator agreements; that would be involved in them.

Mr. MCIVOR: Yes.

The CHAIRMAN: Would that be all right?

Mr. FAIR: Yes, Mr. Chairman, I could take it up then.

By Mr. Perley:

Q. Mr. Findlay, the footnote here says that there are sales of 120,000,000 bushels of futures, but I notice that you only take 99,000,000 bushels of cash wheat, the actual wheat; would you just tell the committee how that deal was completed and what operation there was there?—A. I think I just pretty well dealt with that in the section on sales; and if the board sell 120,000,000 bushels of wheat during any one crop year that does not necessarily mean that that is a complete sale out of the current crop year; it has to be made from and delivered from all of the stocks of all the years open.

Q. You sold futures here; now, how are you going to allocate futures to the cash wheat—delivery I suppose is at Fort William on United Kingdom account? —A. I do not understand your question, Mr. Perley.

Q. Delivery—when you sell futures you have to fulfil that contract and deliver the wheat to Fort William, do you not; where else would you receive that wheat and take delivery of it?—A. Delivery might not necessarily be made at Fort William, it might be made anywhere—it might be made at the west coast.

Q. But the futures contract has to be Fort William?—A. Yes, if you actually deliver your wheat through the clearing house.

Q. So that any of these deliveries through the clearing house must have been made under that contract; where is the authority for holding?—A. The authority is in buying wheat from the exporters.

Q. And you deal with exports under contract with the British government. It is expected when you sell the United Kingdom board wheat.—A. Not all of the board wheat is sold on futures; and I did not say deliveries—these two items—

Q. Does the United Kingdom have a representative in the pit buying futures?—A. No, they bought the futures from the board.

Q. They bought the futures from the board?—A. Yes.

Q. Where did the board get the wheat to deliver on the futures?—A. If you wait until we get through the statements you will find that we have listed the stocks on wheat.

Mr. PERLEY: I can wait.

The CHAIRMAN: Any further questions on that statement?

Mr. PERLEY: That is not cleared up.

The CHAIRMAN: We will proceed to the next one.

Mr. DIEFENBAKER: There is just one question there—

The CHAIRMAN: Would you speak a little louder please, Mr. Diefenbaker?

Mr. DIEFENBAKER: Yes, I will try to. There is just one question there which is a matter of interest to all participants, and it is this: Last year I asked a question in regard to the possibility of payments being made on participation certificates on the 1939-1940 crop, and the answer then given by Mr. McIvor was that at the present time, at the then present market prices, that there was no such possibility; now, having regard to the prices that have been received under the sales during the year, what are the prospects of holders of participation certificates of the 1940-1941 crop receiving any extra amount?—A. Mr. Diefenbaker, that is a question naturally that as an accountant I would rather not answer; but I think that is a fair question.

Q. Yes.—A. I think there is a prospect of the 1940-1941 crop showing a surplus. And now, that is subject to conditions, and to the crop as a whole being finally disposed of.

Q. That is very interesting; what about the 1941-1942 crop?—A. I think the same thing applies.

Q. That would be most favourably received by the farmers all over western Canada, if they could have the reasonable assurance from you.—A. If it is such a reasonable assurance, it is contingent upon what is going to happen in the future, and I would like to make that quite clear.

Q. I appreciate that. Having regard to your statement that there is a prospect of a payment being made on the participation certificates, can you give us any intimation at the present time, having in mind the present realizable prices and the like, what would be the amount that might be expected to be received on the 1940-1941 crop?—A. I could not give you that.

Q. Is it substantial; will you go this far, that it is a substantial amount that they can look forward to receiving on the basis of present prices?

Mr. WHITMAN: Is that not a rather embarrassing question?

Mr. DIEFENBAKER: It is embarrassing for the farmers not to know it.

Mr. WHITMAN: It might be embarrassing to the wheat board to make such a statement.

Mr. DONNELLY: It would all depend on the ultimate disposition of the wheat for that crop year. If the war were won this summer, and the price of wheat were to go up a lot, and if we could sell all of our wheat—if these three intangibles could be adequately decided—you would make an adequate profit on your operations with respect to the profit year involved. Unless and until those three intangibles are decided I do not see how anyone could possibly attempt to predict what the participation benefit would be.

Mr. DIEFENBAKER: I am not asking for that, I am merely asking on the basis of present prices.

Mr. WHITMAN: And you are putting him on the spot there.

Mr. DIEFENBAKER: No, I am not.

Mr. WHITMAN: I do not think he could answer that.

The CHAIRMAN: I do not know what the view of the committee is in respect to this, but I think the members should be satisfied with having the statement presented in the order in which it develops. I suggest that we let Mr. Findlay proceed, and that we do not anticipate too much what is coming before us later in the report.

Mr. DIEFENBAKER: I am merely referring to what Mr. McIvor said in his statement last year. On page 29 of the report of our proceedings for 1942 he said:

> "There is just one question that was asked by Mr. Diefenbaker respecting the possibility of payments on the participation certificates on the 1939 and 1940 crops; the answer is, it is quite apparent from the figures given in the annual reports for 1939-1940 and 1940-1941 that if all the wheat of these crops could be sold at the present market price there would be no payments possible on the 1939-1940 crops."

Now all I am asking you is, not on the basis of future contingencies, but on the basis of the present market prices, could you give any intimation at all whether there would be a substantial amount for the farmers to look forward to by way of payment on participation certificates; not on the basis of the future or any other contingencies.

Mr. Ross (*Souris*): You mean, if it were possible to clear it all up at the prices which prevail today.

Mr. DIEFENBAKER: Yes.

Mr. MCIVOR: Frankly I do not know what the payments would be, we will say, on the basis of present markets.

Mr. DIEFENBAKER: That was your answer last year.

Mr. McIVOR: Yes. Well, you say on the basis of the present market; but there are several other things to consider—how long we have got to carry this wheat before we can sell it; and I think the only answer I could make would have to depend on the factors to which Mr. Donnelly referred, and any answer I might make might be very much misunderstood; therefore, I do not think that that is a question that I can answer.

Mr. DIEFENBAKER: Last year you did not have any difficulty answering, and I use your own words: "If all the wheat of these crops could be sold at the present market prices".

Mr. McIVOR: I did not have any difficulty in answering last year because it was perfectly clear that if all the wheat could be sold at the then current market price there would be no payment. Now you are asking me a question: if all the wheat could be sold at the market price to-day what would the amount of the payment be?

Mr. DIEFENBAKER: No, I asked you if you could tell us substantially what it would be.

Mr. McIVOR: Well, I do not know.

Mr. PERLEY: What do you indicate on exhibit one at the bottom—surplus in the operations of the wheat board—

Mr. WHITMAN: What page is that?

Mr. PERLEY: That is exhibit one, and I think it would be pages 26-27.

The CHAIRMAN: Will you excuse me; could we proceed.

Mr. PERLEY: I was just going to jump—

The CHAIRMAN: Back again.

Mr. PERLEY: No.

Mr. DIEFENBAKER: It follows naturally.

Mr. PERLEY: It follows naturally from the question Mr. Diefenbaker asked; there is a surplus on that crop.

Mr. WHITMAN: What do you mean by substantial; what size of payment do you contemplate would be made per bushel per farmer, say?

Mr. DIEFENBAKER: Yes, per bushel; naturally.

Mr. WHITMAN: What would you consider substantial per bushel?

Mr. DIEFENBAKER: On that basis of the hopes of the last two years and the realizations, I think five cents per bushel would be considered substantial.

Mr. WHITMAN: You would consider that a substantial payment?

Mr. DIEFENBAKER: Yes. And here (liability side, exhibit one) it shows, "Surplus from the operations of the wheat board on 1941 crop account, western division for the year ending the 31st of July, 1942, $4,809,054.50;". Now, what do you mean by that surplus Mr. Findlay?

The WITNESS: That naturally means the surplus arising if all the crop had been sold at that time at the current market price.

Mr. DIEFENBAKER: I see, that is at the current market price?

The WITNESS: Yes, as of the date of the balance sheet. I think that is a repetition.

Mr. PERLEY: That is, you say that definitely; one would not infer that from this statement here.

Mr. DIEFENBAKER: You could follow that up—let us get one thing clear: so as of the date of the balance sheet, which apparently is the 31st of July, 1942, if the crop had been sold at that time there would have been a surplus for distribution of $4,809,000?

The WITNESS: That is correct.

By Mr. Diefenbaker:

Q. And that represents the amount you have already disposed of?—A. That represents that 99,541,000 at sales or market prices.

Q. What is your answer; how many bushels would that represent?—A. You mean, were involved in that surplus?

Q. Yes.—A. 99,541,000.

Mr. DIEFENBAKER: That works out to about five cents per bushel.

Mr. Ross *(Souris)*: But that is only an estimate, that is not actual; that crop is not all disposed of.

The WITNESS: It is the actual position as closely as we can figure it after taking in all the expenses that are going to be incurred in looking after the balance of that crop.

Mr. SENN: You are valuing the wheat on hand at the current price.

The WITNESS: Yes; and, of course, that figure is subject to carrying charges from that date forward.

Mr. DIEFENBAKER: But the prices have increased since then.

The WITNESS: If the price increases in excess of the carrying charges, your position will improve.

Mr. PERLEY: Then, Mr. Findlay, after you put in the valuation on the 49,000,000, is it not?

Mr. Ross *(Souris)*: No.

Mr. PERLEY: Just go back to exhibit three where we got that statement from.

The WITNESS: You refer to the 49,500,000?

Mr. PERLEY: The 49,500,000, yes.

The WITNESS: Yes.

By Mr. Douglas:

Q. Before you leave that may I ask you something: In computing any payments are the crop accounts for each year kept separate, and if in the crop year 1939 you have a loss, that is not carried over into any computations affecting the crop in the 1940 or 1941 year?—A. That is one question, Mr. Douglas, I am very glad to answer, because I want to make it abundantly clear: each individual crop year is kept entirely separate in every respect. There is no question of any deficit in 1939 affecting either one of the other two crop years.

Mr. DOUGLAS: That is what I wanted to have cleared up. If you had a loss in 1939 it would have been simply written off by the board, or by the government to the board.

The WITNESS: Yes.

Mr. DOUGLAS: Any surplus that comes in subsequent years—

The WITNESS: That goes as surplus to the crop year concerned.

By Mr. Diefenbaker:

Q. Would you give me the figures as to what the surplus position was in respect to the 1940 and 1941 crop?—A. On the 1940-1941 crop—you will find that shown as $1,364,026.48.

Q. What page is that on?—A. That is on exhibit one also, on the assets side.

Q. Oh, yes. So that as far as the 1940-1941 crop was concerned, as of the 31st of July, 1942, there would be no prospects of any payment on participation certificates?—A. No, that is right.

Mr. DOUGLAS: Mr. Chairman, I submit that we are coming to this; I do not see why we should go away back here and start going over these exhibits now.

The CHAIRMAN: That is what I had hoped to avoid.

Mr. DOUGLAS: I think we should consider this report as we go along, section by section; I do not see why we should have to go over everything again.

The CHAIRMAN: May we then proceed by turning back to page 14 which deals with the month-end liability of the board to banks and agents of the board.

Mr. DONNELLY: Oh, I see; in these statements you deal in detail with the items which appear later in your consolidated balance sheet, exhibit one, and the following exhibits?

The CHAIRMAN: Are there any further questions on the statement on page 13?

Mr. GOLDING: Let us take the next page.

By Mr. Fair:

Q. Does this deal with the 1939 crop entirely?—A. No, not entirely.

Q. Has the 1938 crop been cleared up?—A. The 1938 crop was definitely cleared up last year.

The CHAIRMAN: And now, page 14: this is the series of statements which have to do with the banking arrangements.

The WITNESS: This statement and the following similar statements for each of the crop years, I think might be dealt with in one explanation.

The CHAIRMAN: Yes, if you would.

By Mr. Perley:

Q. What interest are you paying to the banks now?—A. 3 per cent.

Q. Since when?—A. That has been in effect since 1938; before that is was 3½ per cent.

Q. What interest do you allow the elevator companies for expenses they make?—A. You mean with respect to carrying charges?

Q. Yes.—A. 4½ per cent.

Q. What do they pay the bank, do you know that?—A. That is a question I would rather answer off the record, and I will be glad to do it that way. We arranged with the banks on behalf of the elevator companies to reduce the current interest which I think ranged from 5 per cent to 5½ per cent, and perhaps even higher, and we got it cut down to 4½ per cent, and we tried to get it cut down to 3½ per cent, but we have not been able to obtain the money. The risk that the bank takes is naturally greater on wheat carried in the country. You can all realize that with the experience of the last few years with mites and that kind of thing.

By Mr. Donnelly:

Q. Are you having as much trouble with mites and things of that kind?—A. No. Some of the companies are having quite a bit of trouble.

The CHAIRMAN: Could we have Mr. Findlay give an explanation with respect to this statement?

By Mr. Perley:

Q. You would advise anyone who has participation certificates for the 1941 crop to hang on to them?—A. Yes, quite.

By Mr. Evans:

Q. Did you pay the same rate of interest on the wheat in country elevator storage as you did on terminal storage?—A. The same rate of interest?

Q. Yes.—A. No, we pay 3 per cent to the bank on our demand loans, and in the country, as I explained to Mr. Perley, we pay 4½ per cent to the country elevator companies and in turn they borrow from the banks.

The CHAIRMAN: Are there any further questions to be asked about pages 14 and 15, with regard to the banking arrangement? If not, we will proceed to page 15. Will you give the committee a general review of this statement?

The WITNESS: Yes, I shall be glad to. The first statement merely represents the continuation of the 1938 crop and shows the operations as applied to the crop year 1941-42, giving the sales by months and the unsold position. The second statement refers to the liabilities of the board to the banks and agents.

By Mr. Perley:

Q. Why is the liability to the agents practically nil?—A. That is because the balance on the crop year has been delivered and paid for by the board as we accepted delivery at the delivery points and paid the agents for it.

By Mr. Rickard:

Q. You are talking about the wheat crop of 1938. What shrinkage is there in wheat if it is carried for that long a period?—A. The only shrinkage there is, as far as the board is concerned, is a very small quantity which is lost in transit, and that only affects the board when we ship from one terminal to another or from the interior to the terminals after we have taken delivery of the wheat.

Q. Is there not shrinkage in the wheat? In eastern Canada, if we keep our grain in a granary, we find that it shrinks the wheat—A. I know. I can appreciate that in the case of Ontario wheat, but it does not apply, except to a very small extent, with regard to western wheat. I am speaking so far as the board is concerned. The terminal elevators, undoubtedly, have some shrinkage in their annual weigh-ups, but it is a very trifling quantity in comparison with the large volume handled.

Q. Do they allow for that when they take the wheat in?—A. Yes, there is a half of 1 per cent invisible dockage allowed.

The CHAIRMAN: In addition to that, the elevator company has to deliver the amount of wheat taken in.

The WITNESS: Yes.

Mr. RICKARD: I wanted that point explained, because it is contrary to the ideas we hold in the east.

The CHAIRMAN: There is little danger of any loss in that regard as far as the handling of grain from the country elevators is concerned.

The WITNESS: If we have a warehouse receipt from any terminal elevator for a million bushels it is required to deliver to us one million bushels.

Mr. RICKARD: That applies to all kinds of wheat that you grow?

The WITNESS: Yes.

The CHAIRMAN: May we proceed with the next statement on page 17?

Mr. PERLEY: The statement shows the balance in the last column of 244,000,000 bushels odd. How does that compare with the figure on the first page of this report, the last two or three lines of the second paragraph, which states, "the carry-over at July 31, 1942, being 424,000,000 bushels."

The CHAIRMAN: I hesitate to interrupt the proceedings, but our reporters are having a difficult time hearing what is going on. There is too much confusion. I suggest that each member speak distinctly so that the statements can be taken down correctly.

By Mr. Perley:

Q. I was asking Mr. Findlay to explain the difference between the total on page 17 which is 244,000,000 bushels odd and the figure on the first page of this report in the last two or three lines of the second paragraph. There is a little difference there; could you explain that?—A. Well, one explanation is the wheat carry-over in Canada and the other is the board's unsold position. There is no contact between the two at all.

Q. This is purely board wheat on page 17, is it?—A. Yes, it is board wheat.

Q. Wheat held by the board?—A. Wheat held by the board and unsold as of the date of the balance sheet.

By Mr. Wright:

Q. Is that 283,000,000 bushels the amount of the 1940-41 crop that the board still hold?—A. Which statement are you looking at?

Q. I am looking at page 18 at December?—A. The 1st of December, 283,000,000; that is the combined crop. This is a combined statement showing the three crops which have been dealt with individually in the previous cases. It is for convenience.

Mr. McNevin: This is a summary of 1939, 1940 and 1941.

By Mr. Rickard:

Q. Does the board hold any wheat after it is exported?—A. I think you mean do we ship any wheat unsold—we do not.

Q. You do not ship it over there unsold?—A. No.

The Chairman: This statement on page 17 is really a consolidation of the crop years 1939, 1940 and 1941.

The Witness: Correct.

Mr. Perley: It shows the total balance held by the board at that time of all three crops.

The Witness: Yes.

The Chairman: Are there any further questions on this statement?

Mr. Douglas: Could we get a break-down of exhibit 6 with regard to interest on bank charges $2,699,000?

Mr. Donnelly: We can get that when we come to the exhibits. I move that the committee adjourn.

The Chairman: Before we adjourn may I say that we have now finished with page 17 and we are prepared to start at page 18 at our next meeting.

The committee adjourned to meet at the call of the chair.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

FRIDAY, JUNE 4, 1943

TUESDAY, JUNE 8, 1943

Reference

REPORT OF CANADIAN WHEAT BOARD

FOR CROP YEAR 1941-1942

WITNESSES

Mr. George McIvor, Chairman of the Canadian Wheat Board.

Mr. Clive B. Davidson, Statistician of the Canadian Wheat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

FRIDAY, June 4, 1943.

The Standing Committee on Agriculture and Colonization was called by regular notice to meet at 4.00 p.m. this day.

At 4.20 p.m. the following members were present: Messrs. Bertrand (*Prescott*), Dechene, Donnelly, Evans, Gardiner, Golding, Henderson, Leger, Perley, Ross (*Middlesex East*), Ross (*Moose Jaw*), Senn, Weir.—13.

As this did not constitute a quorum, the Chairman adjourned the Committee until Tuesday, June 8, at 11.00 a.m.

TUESDAY, June 8, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11.00 a.m. The Chairman, Mr. W. G. Weir, presided.

Members present: Messrs. Bertrand (*Prescott*), Blair, Cruickshank, Dechene, Diefenbaker, Donnelly, Douglas (*Weyburn*), Dubois, Evans, Fair, Fontaine, Golding, Gregory, Henderson, Laflamme, Lafontaine, Leader, Leger, MacDiarmid, McCuaig, McCubbin, McNevin, (*Victoria, Ont.*), Matthews, Mullins, Nielsen (Mrs.), Perley, Rheaume, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Weir, Whitman and Wright.—33.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce; also Mr. George McIvor, Chairman, and Mr. Clive B. Davidson, Statistician of the Canadian Wheat Board.

The minutes of the meetings held on Thursday, June 3 and Friday, June 4, were read and adopted.

Hon. Mr. MacKinnon addressed the Committee on the policy of the Government in regard to the wheat quotas of men in the armed forces of Canada. He also filed a copy of the instructions of the Canadian Wheat Board to all companies in regard to over-deliveries of wheat by farmers entering military service,—Bulletin No. 138.

Discussion took place.

Mr. Fair then moved, seconded by Mr. Ross (*Souris*),

That the Committee recommend in its report to the House that the same policy in effect in connection with the marketing of the surplus of the 1942 wheat crop of men in the armed forces be effective for the 1943-44 crop year.

Carried in the affirmative.

The Committee proceeded to the further consideration of the Report of the Canadian Wheat Board for the crop year 1941-42.

Mr. George McIvor, Chairman, and Mr. Clive B. Davidson, Statistician of the Board were recalled to the witness stand and their examination continued.

Mr. McIvor filed copies of agreements for the handling of wheat and flax between the elevator companies, the producers' organization, the United Grain Growers, and the Canadian Wheat Board.

The Committee then adjourned to meet again this day at 4.00 p.m.

AFTERNOON SESSION

The Committee resumed at 4.00 p.m.

Members present: Messrs. Blair, Cloutier, Donnelly, Douglas (*Weyburn*), Evans, Fair, Gregory, Henderson, Lafontaine, Leger, MacDiarmid, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Mullins, Perley, Rennie, Ross (*Souris*), Ross (*Middlesex East*), Soper, Tustin, Weir, Whitman and Wright.—24.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce.

The Committee resumed consideration of the Report of the Canadian Wheat Board for the crop year 1941-42.

Mr. George McIvor, Chairman of the Canadian Wheat Board and Mr. Clive B. Davidson, Statistician, were recalled and further examined.

The Committee adjourned at 5.45 p.m. until to-morrow, Wednesday, June 9, at 4.00 p.m.

WALTER HILL,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 8, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, I do not know what the committee wish to undertake, or the procedure it may wish to follow. Has any member of the committee any suggestions to make along that line? Personally I had thought, having regard to an observation that was made at one of our meetings, concerning a request for the tabling of certain agreements that the wheat board had entered into, that that might be done; and then, there are a couple of recommendations out of last year's report with respect to street sales; and in the elevator agreement, about the size of cars recognized as a carload lot. Then there are such matters as the distribution of cars for the delivery of grain and the storage position generally, and the movement of grain from the elevators or elsewhere. Then in particular there is this cleaning fee that is now in operation in respect to sales of coarse grain. Are there any other items that the members of this committee might wish to have considered or questions that might be reviewed with Mr. McIvor?

Mr. DIEFENBAKER: Mr. Chairman, if I might, there is just one question I would like to have brought up, and that is the right of the men who are called up and enlist in the armed services to have disposition of their wheat over and above the quota. As I understand it, the rule at the present time is this, that the man called up during the year 1942 is allowed now to have disposition of his wheat over and above the quota but, that a man who was called up in 1940 or 1941 and whose farm has continued in operation is not given that right.

The CHAIRMAN: I think that is a fair question.

Mr. DIEFENBAKER: I think that is a matter that might very well be discussed. There are quite a number who are affected by it, and who find themselves in a position that is not favourable to recruiting in the district in which they live.

Mr. GOLDING: Are they recruiting these fellows who are on the farms?

Mr. WHITMAN: You mean, the ones who are called up?

Mr. DIEFENBAKER: Yes, the ones who are called up.

Mr. GOLDING: Do you mean the fellows who live on the farm, who own them?

The CHAIRMAN: Regardless of that feature of it, I think perhaps the board should state their policy frankly.

GEORGE McIVOR, called.

The WITNESS: I wonder, Mr. Chairman, if I might speak of that now, if it is satisfactory?

The CHAIRMAN: Is that the wish of the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Has anyone else a question they would like to have brought into the discussion here?

Mr. WRIGHT: I would like to bring up the matter of the disposal of flax at some time.

The CHAIRMAN: Very well.

Mr. Ross (*Souris*): I would like an explanation some time of the durum wheat situation, if possible.

The CHAIRMAN: Very well.

Mr. SENN: Then there is this question of the relationship of this board with the Wartime Prices and Trade Board which is mentioned on page 10 of the first part of the report. I would like to have an explanation as to how the prices were set.

Mr. PERLEY: Mr. Chairman, might I suggest that we take this report which Mr. McIvor went over the other day. I do not know whether all of the points which have just been raised are here or not, but it is quite possible that reference to them is in the preamble of this report, before you come to the financial statement. I would suggest that if we go over this report as we did the other day then we could deal with these matters one by one as they are reached.

The CHAIRMAN: That suggestion is a reasonable one; but Mr. Perley, I thought Mr. McIvor had made a preliminary statement that was quite complete.

Mr. PERLEY: But there was no questioning on it.

The CHAIRMAN: I know that, but I thought it was fairly complete, and I thought that members of the committee would wish to ask questions with respect to those features of it.

Mr. PERLEY: You see, Mr. Senn just asked a question with respect to the relation between the board and the Wartime Prices and Trade Board, and that is mentioned on the first page, and also on page 10 I think. I would suggest that Mr. McIvor answer the question put by Mr. Diefenbaker and then we can take this report in an orderly manner starting with the things which are mentioned first on page 1.

The CHAIRMAN: Could you deal with the question asked by Mr. Diefenbaker, Mr. McIvor?

The WITNESS: I shall be glad to; you mean, with regard to the soldiers' wheat, Mr. Chairman?

The CHAIRMAN: Yes.

The WITNESS: Well, Mr. Diefenbaker, with respect to the soldiers' wheat the government put in certain restrictive measures based on the idea that you mentioned.

Mr. DONNELLY: Would you mind speaking a little louder please?

The WITNESS: Yes, I will try. But a man who had left the farm previous to these dates probably had been able to make arrangements for the farm to go on.

Mr. DIEFENBAKER: What is the date, please?

The WITNESS: The date is April 1, 1942; but we have recommended to the government that they take the widest possible view on that question, and I am quite sure that any case that has merit will be given careful consideration.

Mr. DIEFENBAKER: In other words, you mean this; while the date at present is April, 1942, men who were called up and who enlisted since that date will be given an opportunity to dispose of their wheat over and above the quota?

The WITNESS: Yes. I should say in fairness to the government also that in the discussion we had with them they wanted the board to take the widest possible view so I think you will find no cases—

Mr. DIEFENBAKER: I think that is most commendable. I had a letter the other day in regard to this particular matter and I communicated with the minister and at that time he indicated that consideration would be given.

The WITNESS: I saw that file, and it is going to Winnipeg to be dealt with; and I am quite sure that every case that has merit will be carefully considered.

Mr. DIEFENBAKER: So it can be generally taken as a fact now that whatever the rule has been, from now on with respect to the men who are called up and who are to-day in the service they will be able to dispose of their wheat over and above the quota.

The WITNESS: Yes.

Mr. GOLDING: Have you any very great quantity of that sort of wheat?

The WITNESS: No, the total amount as I recall it was only around some 485,000 bushels.

Mr. GOLDING: And how many persons were involved in that?

The WITNESS: Off hand I would say about a thousand; pardon me, I am informed that it is about 700 cases.

Mr. LEGER: How many of these men have been called up?

The WITNESS: The figure I have is 500 approved out of a total of about 700.

Mr. GOLDING: You say you have dealt with 500 cases already?

Mr. DIEFENBAKER: Does it mean that there are 215 that do not come within the provision of the regulations as they stand at the present time?

The WITNESS: No, I think there are only fifty cases, and they are all being reconsidered.

Mr. Ross (*Souris*): Does that apply to last year's crop, or does it apply to this year's crop as well? Suppose a man had planted a crop this year and had been called up, does that still apply?

The WITNESS: The policy only applies to this present crop. I do not know what will be done with reference to next year's crop.

Mr. WRIGHT: Does that include the wheat of the soldiers in the army? Supposing that a soldier had enlisted and his land was left in such a way that his share of the crop was one-third; does that man with that third that belongs to him still get delivery?

The WITNESS: Yes.

Mr. DIEFENBAKER: Very good.

The WITNESS: May I go back to Mr. Wright's question: that is the very case that is involved in most of these cases—the soldier leaves the farm and he has a balance of wheat to be delivered.

Mr. WRIGHT: Will that just apply for last year?

The WITNESS: That is the present crop year?

Mr. FAIR: The Minister of Trade and Commerce is here and this comes under his department; therefore, I suggest that this committee should make a recommendation to him that this policy should be carried on for the 1943-44 crop; and I would move that such a recommendation be made for the men who are going over there so they should not have the worry of the disposal of their crops.

The WITNESS: I think, Mr. Chairman, that I ought to say that we were dealing with rather practical problems for the moment. I do not want to speak on behalf of the government, my impression is that the view of the government was that it would be carried into another year, although that had not actually been done. However, Mr. MacKinnon can probably answer that question.

Hon. Mr. MACKINNON: Mr. Chairman, this matter of soldiers' grain that cannot be delivered under existing quotas has been before the government at different times and we have discussed the matter with the Canadian Wheat Board, as Mr. McIvor has just said, and actually it was suggested to the board

that the widest possible consideration be placed on these regulations; and in the course of our conversation we asked the board if they could give us a statement of how much of this wheat we might have to take in, viewing this position very generously, and the item given us was possibly upwards of 1,000,000 bushels. That was agreed to by the government.

Mr. DIEFENBAKER: When was that agreed to? I have a letter dated May 20, 1943, which states the government policy in respect to this matter; it says, the board regrets that it is unable to act on your application—

Hon. Mr. MACKINNON: It was within the last—very recently.

Mr. DIEFENBAKER: I see, I brought it up in the latter part of May and the policy had not been changed then.

Hon. Mr. MACKINNON: It was agreed to just about that time; at the present time, as Mr. McIvor has said, only 485,000 bushel increase have been taken; and I think the understanding construction that has been given to this matter by the wheat board so far has not involved more than about 50,000 bushels; therefore, we will be well within the figure that was set. I cannot say what the policy will be for another year but we will certainly—I think I am safe in saying—be very sympathetic to a continuation of the plan that has been in operation.

Mr. FAIR: I move that the same policy covering the sale of wheat in excess of this quota in effect in 1942 be carried into effect in 1943-1944.

Mr. Ross (*Souris*): I would be glad to second Mr. Fair's motion. I think that is rather important because a farmer who has been called up is in rather a dilemma in a way as to what the future may be.

Mr. CRUICKSHANK: Do you mean the man who has enlisted voluntarily, or the man who has been called; it is the same is it not?

Mr. Ross (*Souris*): No, because the farmers who have been called under the Act, as I understand it—and I have been corresponding with several in my district in respect to this matter—they are called and allowed exemption for six months at a time only—

Mr. CRUICKSHANK: You mean, postponement.

Mr. Ross (*Souris*): Yes, I should have said postponement rather than exemption. Their postponements are for six months at a time. That puts the farmer in a very peculiar situation; and I think that as Mr. Fair has pointed out he is a chap who should have some ease of mind on this question. That is why I feel that this exception should be extended for their benefit to this crop year as well. I think that is the very least this committee could do for these chaps who find themselves in that unfortunate position.

The CHAIRMAN: Are you ready for the question?

Mr. EVANS: About all that a committe such as this can do after hearing the evidence is to make a recommendation; is that what you had in mind when putting the motion now, Mr. Chairman?

The CHAIRMAN: Apparently Mr. Fair wants to have it dealt with now. I was just going to explain that whatever we do we cannot go beyond making a recommendation, and that would be followed by its inclusion in a report by this committee to the house. That is all we as a committee would be able to do.

Mr. DONNELLY: With regard to this motion by Mr. Fair I would just like to put myself on record that I want it understood that I am ready and willing at all times to do anything I possibly can for any man in the army, a man who is actually a soldier; but as to a man called up and given postponement, a man who isn't actually in the army, I do not think any exception should be made in his case any more than in that of anybody else.

Mr. Ross (*Souris*): I mean a man who is called away, who is called on service.

Mr. DONNELLY: I am in favour of giving such privileges to a man who has been called; but one who has been given exemption, or postponement, is not in the same class; he is not in the army at all.

Mr. FAIR: I do not think it is either necessary or desirable that a member should set up a straw man and knock him down just for the purpose of getting his name on the record. I made my statement quite clear, that I referred to men called up for active service.

Mr. DONNELLY: You said, men called.

Mr. Ross (*Souris*): I am the one who started this; let me explain it. I said I would include the men who have responded but who are putting in their crops. I know several cases where men are not putting in their crops this year because they do not know what position they will find themselves in at the end of their six months' postponement. I think it is only fair that there should be some statement of policy on the part of the government in respect to this matter. If the position were known and these men got their crop in it would be of real advantage to the country at large. I want to say too that like Dr. Donnelly I am opposed to giving any privileges to anyone who is not called for service actually as a soldier. I think Mr. Fair intends that also.

The CHAIRMAN: Of course, we should have the motion written out. I do not know what the clerk has down here. May we have the clerk read the motion as he has it.

The clerk reads motion as follows:—

> Mr. Fair, seconded by Mr. Ross, moved that the committee recommend that the same contract be carried on for the crop year of 1942 and 1943 and be embodied in this committee's report to the house.

Mr. FAIR: I think there has been something omitted. It should read "the same policy with reference to soldiers."

Mr. DOUGLAS (*Weyburn*): Men in the armed forces.

Mr. FAIR: In the services. I do not know just what the wording should be. What I mean is that the same policy as is in effect at the present time with respect to soldiers should be continued.

The CHAIRMAN: Would the committee like to have a further word from Mr. McIvor on the actual working out of the system as it is being applied now?

Mr. WHITMAN: Yes.

The WITNESS: Mr. Chairman, a man that is merely called and is not in the army or in the armed forces does not get this privilege at the present time. He must give, in his declaration, his regiment, his regimental number and so on. There is no difference made between a drafted or enlisted man.

Mr. DOUGLAS (*Weyburn*): Mr. Chairman, may I point out to Mr. McIvor that there is a difference depending on when he enlisted. There is a case about which I wrote to the minister, and which he promised to give favourable consideration to. A man enlisted in the air force prior to the cut-off date; I do not know the exact date at the moment, but it was prior to the cut-off date. He rented his farm. He has 1,000 bushels of wheat as his share; the quota only allows him to deliver 360. The balance of the wheat is lying outside. If he were at home, he would be in a position to feed it, dispose of it in some way or another, or store it. His wife is not in that position. It seems to me that one of the things this committee ought to recommend, if it is going to recommend anything, is that all of the men who are in the armed services and who find themselves in this position where they have surplus grain, ought to be

allowed to dispose of it because of the fact that they are not there to look after it, rather than to make any sharply defined cut-off date. I think that the same policy should apply with reference to this year's crop. The man who enlisted, while he did not have to go, he felt it was his duty to go, and he ought not to be penalized for that; and the other man, in view of the fact that he was compelled to go at a certain time, ought to be given some consideration with reference to this grain that now accrues but which he is not able to look after.

The WITNESS: In answer to Mr. Douglas' question, may I say this. I do not know whether you were here, Mr. Douglas, when I explained, and when Mr. MacKinnon did also, that the government wishes to take the widest possible view with regard to these cases.

Mr. DOUGLAS (*Weyburn*): I understand that.

The WITNESS: To emphasize the view that we have taken, we have had 700 cases; 485,000 bushels have been permitted by way of over-delivery and there is only 51,000 bushels in suspense on account of date of enlistment. So we have tried to take the broadest possible view, and we will continue to do so; that is the wish of the government. I think the case you referred to will be dealt with.

Hon. Mr. MACKINNON: Yes.

By Mr. Douglas (Weyburn):

Q. Do I understand that there are only 51,000 bushels from men in the service which have not been delivered, or do you mean men in the service who have made application?—A. I say that of the total quantity under application, 485,000 bushels have been disposed of and delivered, and only 51,000 bushels remain in suspense of the applications we have had so far.

Hon. Mr. MACKINNON: Similar to the one you wrote about.

Mr. DOUGLAS (*Weyburn*): In view of the cut-off date, there may be many men who have made no application because they know there is this cut-off date.

The CHAIRMAN: What is the wish of the committee with respect to the motion?

Mr. MCNEVIN: I do not think the committee will gain any advantage from picking out little matters from time to time and making individual recommendations about them. I think we should go on and make our report, and include any items dealt with in our report.

The CHAIRMAN: There is a motion before the committee which has to be disposed of. Is there any further discussion?

Mr. MCNEVIN: I move in amendment that this matter be held in abeyance until the final report of the committee.

The CHAIRMAN: Mr. Fair has brought down his motion as he wants to have it worded, and I will ask the clerk to read it.

The clerk reads motion as follows:—

> It is moved by Mr. Fair, seconded by Mr. Ross of Souris, that the committee recommend in its report to the house that the same policy in effect in connection with the marketing of the 1942 wheat crop of soldiers in the armed forces be effective for the 1942-43 crop.

Mr. FAIR: The 1943-44 crop.

The CHAIRMAN: Yes, the 1943-44 crop. Is there any further discussion?

Mr. PERLEY: That is just to be put in the report; so it cannot come before the government until we report, according to that.

The CLERK: That takes care of Mr. McNevin's amendment. He wanted it embodied in the report of the committee.

Mr. McNevin: Held in abeyance.

Mr. Golding: What is the use of this motion at all?

The Chairman: Well, it is a direction to the committee when they draft their report, if it carries here, to include a recommendation of that kind in it.

Mr. Ross (*Souris*): Sure.

Mr. Golding: But you already have this proposal in effect, according to Mr. McIvor.

Mr. Douglas (*Weyburn*): For last year's crop.

The Chairman: For last year's crop.

Mr. Golding: What I mean is that you do not need to tell the government now what policy to adopt. They have already adopted that policy.

Mr. Douglas (*Weyburn*): No; that is for last year's crop. This is a recommendation that it be continued to next year's crop.

Mr. Golding: Do you think they will abandon that?

The Chairman: What is the pleasure of the committee? I will ask the clerk to read the motion again, so that you will know exactly what is before the committee.

The clerk reads motion as follows:—

> Moved by Mr. Fair, seconded by Mr. Ross of Souris, that the committee recommend in its report to the house that the same policy in effect in connection with the marketing of the surplus of the 1942 wheat crop of soldiers in the armed forces be effective for the 1943-44 crop year.

By Mr. Diefenbaker:

Q. There is one question I should like to ask possibly from Mr. McIvor. That policy is now in effect; but up to the 20th of May it was not in effect. When was it brought in? What was the date of it? The minister has mentioned it covered altogether only 700 cases, a total of 485,000 bushels, and only 51,000 bushels are now under consideration. Up to the 20th of May that policy was not in effect for the soldiers who enlisted prior to April 1, 1942, who had crops and were unable to sell over the quota. The question I want to ask is when was that change made? What was the date? I have any amount of correspondence up to that date about it.—A. Well, it was just within recent days, Mr. Diefenbaker.

Q. Within the last few days?—A. Within the last ten days.

Q. You say it was within the last ten days?—A. Yes.

By Mr. Perley:

Q. You received 485,000 bushels adjustment in that time?—A. There were 700 applications received; there were 501 authorized, with a bushelage of 485,000 bushels. There are 50 being held in abeyance with regard to the question of date. Those are being proceeded with now.

Q. May I ask what time last fall did you have this matter first brought to your attention? I may say I had applications from quite a number; at least, the question was brought up by quite a number early last fall, just soon after harvesting took place. What time was it first brought to your attention, Mr. McIvor?—A. The statement on over-deliveries was put out on the 7th of April, 1943. Here is a copy of it. I would be glad to file it with the committee.

Q. That is the statement. But what time did you have applications or any requests from men in that position to have their extra quota taken?—A. Mr. Davidson, who I might say has been handling this in the office, tells me there were very few up until February.

Q. February?—A. Yes. We got about 50 in the month of February, and this statement was put out on the 7th of April.

Q. I am sure I had cases last November and December. What publicity was given to that effect?—A. The widest.

Q. Prior to February was any publicity given?—A. No.

By Mr. Diefenbaker:

Q. What do you mean by saying that the decision regarding 51,000 bushels has not been determined by reason of the question of date arising? What do you mean by that if the question of date has been entirely removed now?—A. I think I made myself very clear—at least I did to myself, Mr. Diefenbaker, but possibly not to you. I said that there were 51,000 bushels being held up pending decision with regard to date, and that those cases were now being proceeded with to clean them up.

Q. What do you mean by "pending decision as to date"?—A. Well, to go back over what was said—a decision has been made within the last ten days as to the residue; as to what is being done. As to those cases which were being held up—now that decision has been made, these cases are being proceeded with.

Q. That is fine.

Mr. Ross (*Souris*): On that point, may I ask a question. Suppose a man enlisted say two years ago, at the commencement of the war, and he has his farm rented. He is the landlord in this case now. Does this policy cover his share of the crop and can his share all be marketed under this policy?

Mr. WHITMAN: Yes. He said so.

The WITNESS: The answer is yes, Mr. Ross.

By Mr. Donnelly:

Q. You have heard the motion which has just been made. Provided this carries, and you decide to adopt the same policy next year, will the soldiers' delivery be distributed all over the year or will it all come in in one or two months in the early fall?—A. The soldier will, no doubt, try to arrange to have his wheat delivered at the early part of the year; and he will be able to deliver it, subject to storage facilities being available.

Q. He will not have to conform to any quota at all?—A. No.

Q. He can deliver the whole thing?—A. That is correct.

Q. It will not be distributed over the year?—A. No.

The CHAIRMAN: Did you have another question, Mr. Wright?

Mr. WRIGHT: Yes.

By Mr. Wright:

Q. I have a case where a soldier had rented his land, and the tenant on the soldier's farm delivered his full 14 bushels and delivered none of the soldier's wheat in that 14 bushels. Am I to understand now that the soldier can have his share of that crop delivered?—A. Quite correct, Mr. Wright.

The CHAIRMAN: The question has been called. Will you read the motion, Mr. Clerk?

Mr. CRUICKSHANK: Read it again, please.

Mr. DONNELLY: In cases like that, I do not think it is fair at all. I think that the man who is the tenant should be cut down to two-thirds or given a quota of only ten bushels, in cases of the kind referred to. Otherwise you are going to give fourteen bushels to the man who is a tenant and then going to give the soldier his, which will be another ten bushels or more probably.

Mr. PERLEY: That is a case of the tenant gypping the landlord. The tenant delivered the whole quota.

Mr. DONNELLY: That is not fair. You will have everybody doing that.

Mr. GOLDING: Mr. McIvor, can you tell us, or have you any information—

The CHAIRMAN: Order, please, gentlemen.

Mr. Ross (*Souris*): You cannot get it unless you are in the army. You have got to be a soldier.

Mr. DONNELLY: You do not understand what I say. If I rent land from a soldier, I deliver my fifteen bushels, and the soldier will deliver his extra. The tenant should never deliver more than two-thirds, or ten bushels, and the owner should deliver his five. That is what I am telling you.

Mr. FAIR: It does not affect the tenant.

Mr. DONNELLY: It does affect the tenant. Mr. McIvor just said so. He just said in his answer that the farmer did deliver fourteen bushels and delivered none of the soldier's. Then the soldier could deliver his extra.

The CHAIRMAN: Order, gentlemen. May I say that the man who is taking down what is being said is having some difficulty when the conversation goes to the other end of the table.

Mr. CRUICKSHANK: He did not miss much.

The CHAIRMAN: Order, gentlemen, please. Mr. Davidson, the statistician for the Canadian Wheat Board has been taking care of these particular features of the administration and Mr. McIvor suggests that perhaps he could give us an explanation, if the committee wishes him to do so.

Mr. GOLDING: Just before he does that, I was going to ask Mr. McIvor this question. Have you any information in regard to these 700 cases? Out of approximately 296,000 farmers in the three prairie provinces, you have 700 cases. Have you any information or any details in connection with whether they have been called or whether they enlisted voluntarily, whether they are tenants or whether they are owners?

The WITNESS: Mr. Chairman, we have all the data on each individual case. We do not differentiate between a man that enlists voluntarily and a man that is called.

By Mr. Golding:

Q. No. You have that information?—A. Yes.

Q. What I want to get at is whether these fellows are being actually called off the farm.—A. They have not only been called, but they have gone. They are in the army.

Q. I know. But did they enlist voluntarily or were they called? Out of this 700, how many enlisted?

Mr. Ross (*Souris*): They are still called today.

Mr. PERLEY: He will give you the explanation of that if you will give him a chance.

The CHAIRMAN: Order, please.

Mr. PERLEY: Give him a chance to answer.

The WITNESS: I should like to say that Mr. Davidson has handled every one of these cases individually; I have not. I know the policy in a general way, but I should very much like it if he were allowed to deal with these particular questions.

Mr. GOLDING: That is all right, as long as we get the information.

The CHAIRMAN: Mr. Davidson, please give us your explanation of this.

Mr. DAVIDSON: Mr. Chairman, I might just make one general statement, and that is that when the original series of applications were received in

Winnipeg—that is before the policy was decided—they were almost entirely from men who had been called up or who had enlisted last fall. That was the original situation we set out to deal with. Then on April 7 when our policy was announced, we got some 300 or 400 applications over one weekend.

Mr. DIEFENBAKER: What was the announcement of policy on April 7, Mr. Davidson?

Mr. DAVIDSON: That is the statement here which Mr. McIvor filed with the committee.

Mr. DIEFENBAKER: Oh, yes.

Mr. DAVIDSON: Which includes the announcement made in the House of Commons by the Minister of Trade and Commerce.

Mr. DIEFENBAKER: All right.

Mr. DAVIDSON: And as those cases came in, we found many different types of situations. In order to speed things up we put through everything that came within the four corners of the original statement made by the minister.

Mr. DIEFENBAKER: That means all cases of enlistment or enrolment prior to April 1, 1942?

Mr. DAVIDSON: That is right. These were disposed of very quickly. Then we took the other cases. I examined them very carefully; and on the basis of our study of the situation, the board requested an enlargement of the government's policy to include those cases. Those are the 50 odd that we are talking about now. We are now going ahead and cleaning them up. In regard to the question raised by Dr. Donnelly and Mr. Golding, in applying to the board for the over-delivery privilege, the soldier files an affidavit, and attached to that affidavit is the contract—if he is a tenant—with the landlord. Our procedure on that is to see that this deal lines up with the contract. Suppose a soldier is a tenant and he has delivered up to 10 bushels an acre; we first of all—assuming a 15-bushel quota as being the maximum for this year—we figure out the tenant's share of the 15-bushel quota. If it is one-third, it will be 5 bushels. That is one authorization that goes out to the soldier. That is the first one. Then we give him a further authorization of one-third, of the balance of the crop. In other words, when the authorization is completed, the tenant has delivered his full share of the crop on the farm, in terms of the contract he has with the landlord. That also prevents the landlord from coming in or benefiting from the arrangement that we are making in respect to the soldier; because the landlord stops at the 15, and we are protecting the soldier on his contract up to the 15 bushels, and then for the balance of the crop, that belongs to him.

The CHAIRMAN: The landlord can deliver up to 15 bushels to the acre.

Mr. PERLEY: Let me cite a case just here. Here is a farm which has a 20-bushel crop. The full quota that can be delivered is 15 bushels.

Mr. DAVIDSON: That is right.

Mr. PERLEY: That is on a basis of one-third.

Mr. DAVIDSON: Yes.

Mr. PERLEY: And in this case the landlord is a soldier. They deliver the 15 bushels. One-third will go to the soldier and the two-thirds will remain with the tenant, on a one-third basis. He is working the farm on a one-third share basis.

Mr. DAVIDSON: The landlord will get two-thirds of the crop, which is the soldier in your case.

Mr. PERLEY: No. The landlord will get one-third of the crop.

The CHAIRMAN: The landlord is the soldier in your case.

Mr. PERLEY: Yes.

The CHAIRMAN: Then the tenant will get two-thirds.

Mr. PERLEY: The landlord will get one third. For instance, the soldier or the tenant delivers his full quota, say, 15 bushels: 10 bushels is his and 5 bushels of it belongs to the soldier; all right, but there are another 5 bushels back—20 bushels to the acre—and do I understand that the soldier can have delivered to him his share of that 5 bushels?

Mr. DAVIDSON: Yes, that is right.

Mr. DIEFENBAKER: How many soldier farmers have you any record of on the basis of the notices you have sent out?

Mr. DAVIDSON: We originally estimated that we would have 1,000. The restricting factor is that the soldier must be a permit holder in 1942, so you eliminate all farmers' sons and so on. The farmer must be operating under a permit.

Mr. DIEFENBAKER: What you have is an estimated 1,000 permit holders?

Mr. DAVIDSON: That is roughly the position.

Mr. DIEFENBAKER: In the armed forces?

Mr. DAVIDSON: It is not going to come up to 1,000.

Mr. DIEFENBAKER: But that is based entirely on the number who actually held permits in 1942?

Mr. DAVIDSON: That is right. That is as far as we could go under the government authorization.

The CHAIRMAN: Is the committee ready for the question?

(Motion carried.)

The CHAIRMAN: Now, Mr. McIvor has some reports here which certain members of the committee asked should be filed at our last meeting. Could we have those reports filed now?

The WITNESS: Mr. Chairman, I have here the agreements which Mr. Perley asked to have filed with the committee, with a list of those who are signatories to the agreements.

The CHAIRMAN: What are these agreements?

The WITNESS: One is the wheat agreement for the handling of wheat; one is the flax agreement for the handling of flax.

Mr. DOUGLAS (*Weyburn*): Between whom?

The WITNESS: Between the elevator companies, including the producers' organization, the United Grain Growers, and the board.

Mr. Chairman, I am also filing here a copy of our instruction 138, covering the handling of soldiers' wheat.

The CHAIRMAN: Now, gentlemen, to follow the suggestion made by Mr. Perley, may we go back to the report which is before us? Is there any further statement with respect to the 1941-1942 wheat programme?

Mr. PERLEY: On page 1 there is reference made to the advisory committee; and I was going to ask Mr. McIvor if he could tell us how often this advisory committee meets.

The CHAIRMAN: That is on page 8.

By Mr. Perley:

Q. It is on page 1 also, but you can go to page 8. How often does this committee meet as a committee and how often does it meet with the wheat

board?—A. The advisory committee, as outlined in the report, during the crop year, had four meetings. They met among themselves and they met with the board.

Q. Were the four meetings held with the board?—A. No, the four meetings were divided, partially with the board and partially among themselves.

Q. Do they make recommendations to the board in respect of policy?—A. Yes.

Q. How often have their recommendations been accepted?—A. Well, the advisory committee's recommendations are usually made to the government through the wheat board. I think I have seen some discussion on this question, Mr. Chairman, in the house. Now, I could not tell you how often.

Q. I am trying to find out if they are of any value?—A. Yes, I appreciate that.

Q. Because the expense is considerable.

The CHAIRMAN: Do the reports or recommendations, or whatever you call them, of the advisory committee go to the government through the wheat board direct?

The WITNESS: They go to the government through the wheat board.

Mr. SENN: Are they considered to be confidential?

The WITNESS: I think they are.

By Mr. Perley:

Q. I was going to ask whether any of these reports should be tabled. Do you take the position that they are confidential?—A. I do not think I am in a position to take a stand either way.

Q. How are we going to find out if they are of any value, if their recommendations have been accepted or considered, or if they have any value at all?

The CHAIRMAN: You do not find that out from any advisory committee, apparently.

Mr. GOLDING: That is not a new policy.

By Mr. Perley:

Q. The chairman of the board might answer the question. Does he himself think they are of very much value today as a board?—A. I think you asked me that question last year.

Q. You evaded it a little last year.—A. Pardon me, did you say I was trying to evade it?

Q. I do not think your answer was very satisfactory. You did not give the committee to understand that they were of any great value.—A. I would like to read you last year's report of what I said about that. I said last year that the advisory committee had performed a very useful service to the board, and you asked me if their advice was good or bad and you asked me further if we always took their advice, and I think my reply was that we tried to take it when it was good. That was what happened last year as I recall it.

Q. I would like to know if they are of any value for the money that they cost in travelling expenses and salaries? You could table that, I suppose—since last year's report?

Mr. WHITMAN: Would you advocate doing away with them?

Mr. PERLEY: I was talking with some of them myself and they cannot see that they are of any value—at least three of them I spoke to.

Mr. LEGER: Is there any leakage from the advisory committee?

The WITNESS: I did not suspect there was any up till now, but somebody has been telling Mr. Perley that they are not of any value on the advisory committee. It seems to me there is some leakage.

Mr. PERLEY: I think if you call some of the members they will give you that evidence.

The WITNESS: They have not told me that.

Mr. MATTHEWS: How many members are there on the advisory committee?

The WITNESS: Eleven.

Mr. WRIGHT: On whose recommendation were they appointed?

The WITNESS: The government appointed them.

By Mr. Wright:

Q. They were not appointed by the producers themselves?—A. I do not know on whose recommendation they were appointed; the appointments were made by the government. The majority of the members of the committee are representatives of the producers.

Q. If they were appointed by the producers the producers would of necessity have the right to know what their recommendations were; but if they were appointed by the government why, then, the producers might not have the right to demand to know what their recommendations were—there is a difference? —A. I do not see how they coud be appointed by the producers, Mr. Wright. They must of necessity be appointed by the government under the Act—under the Canadian Wheat Board Act.

By Mr. Perley:

Q. The producers could make a recommendation that they be represented on the board?—A. I believe they did. For example, there is Mr. Wesson, president of the Saskatchewan Pool Elevators, Mr. Brown of the United Grain Growers, Mr. Hutchinson, the former president of the Alberta Pool Elevators, who is the chairman, and there is also Mr. McCowan who, I understand, is a farmer.

Q. I know him very well. He is a good farmer—I will say that for him.— A. Then there is a Mr. Farnalls of the Alberta Association of Municipalities.

Mr. ROSS (*Souris*): He is president of the prairie municipalities body.

The WITNESS: From Ontario there is Mr. Pettapiece from Auld, Ontario. Some of you may know him.

By Mr. Evans:

Q. I suppose the producers' organization recommend some of the members of the advisory committee and technically the government makes the appointments, is that right?—A. As I recall the matter, when the Canadian Wheat Board Act was changed the advisory committee was set up composed of eleven members, of whom six were to represent the producers, and the appointments were made, presumably, on the status of the men who were available for the committee.

Mr. DOUGLAS (*Weyburn*): Mr. McIvor cannot answer that question. All he can say is that these men are producers, but he cannot say whether they represent the producers or whether they were recommended by the producers. Only the minister can answer that question. Mr. McIvor is chairman of the board, and the appointment of this committee is the responsibility of the government.

Mr. EVANS: The minister made that announcement in the house.

Mr. DOUGLAS (*Weyburn*): Why ask the chairman that question?

By Mr. Senn:

Q. Mr. McIvor, do you consider that the members of the advisory committee are in duty bound to secrecy about their recommendations and their deliberations?—A. Mr. Senn, I do not feel I am competent to answer that question. The

advisory committee's reports are sent to the minister. Mr. Chairman, I think the answer is outside of my province.

Q. I do not desire to embarrass you.—A. Frankly, I do not feel competent to answer that question.

Q. That would be a question worthy of consideration.

The CHAIRMAN: I presume these reports are governmental reports and go to the minister, and it is for the government to determine what they wish to do about this matter.

Mr. WRIGHT: My reason for raising this question was that if the municipal association appointed Mr. Farnalls as their representative on that board and if the wheat pool appointed Mr. Wesson as their representative on that board, those people would have a right to know what recommendations were made; if, on the other hand, the government appointed those men, of course they would be responsible to the people who appointed them.

Mr. DOUGLAS (*Weyburn*): Of course the government is responsible. These men may be recommended by somebody.

Mr. Ross (*Souris*): I do not believe that we should question Mr. McIvor on this matter. I know most of the members of this advisory committee personally and they are a pretty able group of men. I agree with what Mr. Wright has said, but further than that I am satisfied that they were not nominated by the organizations whom they represent; they were chosen, I believe, by the government because of those organizations which they represent, but they were not nominated by the organizations.

Mr. GOLDING: Do you know that?

Mr. Ross (*Souris*): I know it in some cases, although I do not know about them all. I do know that a couple of those men were appointed by the government, anyway. I think it is a matter of government policy and the proper person to question is the minister. I think we are wasting our time asking Mr. McIvor this question.

The CHAIRMAN: The point that is being discussed is set out in the Act, as I recall it—the provision for the manner in which the advisory board shall be set up—and I think it is the same in every case for this type of organization.

Mr. PERLEY: They certainly were not all recommended by the organizations which they represent.

Mr. WRIGHT: In asking these questions I am not casting any reflection on the men on this board.

The CHAIRMAN: Could we proceed with the next clause?

Mr. PERLEY: Would Mr. McIvor table the remuneration received during the last year—the year that this advisory committee report covers—and the expenses of each person?

The WITNESS: I think it is in the report, Mr. Perley, but I am not quite sure. When Mr. Findlay comes back he will have a record of that. I certainly haven't any objections to giving the information.

The CHAIRMAN: Ask Mr. Findlay that question when he returns.

The WITNESS: Mr. Findlay will be here to-morrow and will deal with the accounts and he will be able to answer any questions dealing with accounts much better than I could.

Mr. FAIR: Before we pass on may I refer to the paragraph dealing with the advisory committee on page 8 and in particular the last three lines of that paragraph: "Among other important matters referred to the advisory committee were farm storage, car allotment, basis of delivery quotas and the domestic price of wheat". I wonder if Mr. McIvor could tell us what the advisory committee's reports or recommendations were in connection with farm storage?

The CHAIRMAN: I think the point to consider is what policy was followed, and not with respect to what the advisory committee is doing about it. That is one of the points I mentioned when the committee commenced this morning: a statement of policy with respect to items of such a character.

Mr. FAIR: I wanted to know what the advisory committee did about farm storage.

The CHAIRMAN: I doubt if even Mr. McIvor is competent to advise with regard to that matter.

Mr. DOUGLAS (*Weyburn*): May I ask a question with regard to page 4?

The CHAIRMAN: We are trying to carry through in a sequence. Could we proceed with the wheat marketing programme for 1941-42 on page 1. Shall that carry?

(Carried.)

"The development of the 1941 wheat crop"; shall that carry?

(Carried.)

"Growing conditions"; shall that carry?

(Carried.)

"Marketing and prices"; shall that carry?

Mr. DOUGLAS (*Weyburn*): I should like to direct your attention to the top of page 4 from which I read: "Of total marketings of 227·9 million bushels in the west during the crop year 1941-42, producers delivered 100 million bushels to the board, or about 44 per cent of their marketings." Is that considerably below the average percentage of the crop usually delivered to the board? Have you any figures for each of the crop years?

The WITNESS: I haven't, Mr. Douglas. The percentage was high in 1940-41 and I do not know how this year's turned out.

Mr. PERLEY: Would it not be considerably higher than this year?

The WITNESS: We will know that better when we come to the end of the year.

Mr. DONNELLY: I suppose that is governed almost entirely by the price you are paying on the open market, is it not?

Mr. DOUGLAS (*Weyburn*): Then the amount of wheat sent in was comparatively small, the wheat delivered in 1941-1942; and I take it that that is a reflection of the open market price, that it remained more staple than the board price; I mean the board price plus farm storage.

The CHAIRMAN: Order, gentlemen, please.

Mr. DOUGLAS (*Weyburn*): Or, the cash closing prices on the market. Am I right in assuming that the tendency is for the producer to sell on the open market when the price is rising and to sell to the board when the market is low?

The WITNESS: My answer to that is that the tendency is for the producer to sell on the open market when the open market prices are higher than the board price; not slightly higher, but perhaps 4 cents or 5 cents or 6 cents a bushel higher.

Mr. DOUGLAS (*Weyburn*): And the inference would be there that the tendency would be to sell wheat to the board when the market is slipping?

The WITNESS: Yes. In 1938 the board price was 80 and the market price was substantially lower and we got all the wheat.

Mr. DOUGLAS (*Weyburn*): I think the tendency is for the shippers to make use of the board more and more on a falling market.

The WITNESS: Well, at the same prices.

Mr. DONNELLY: Are you getting much wheat at the present time?

The WITNESS: No.

By Mr. Perley:

Q. Is not that evidence then that the nearer we get to the crop year futures are quite high, and the cash wheat position is in July now, and that is when they sell in the open market rather than to the board; then in the latter part of the year, the last weeks of the season the delivery price and the price of cash wheat are nearly the same, and the open market is not going to advance prices— —A. I am sorry, I cannot follow you, Mr. Perley.

Q. Well, I mean to say that I did that myself last fall. The cash price on the open market was so near the board price that I took a chance and delivered to the board. Now, the other day—I made sales since you were here —I made them in the open market because the price was 7 cents or more higher than the board price—I took a chance on the participation certificate.—A. That is the answer.

Q. The prices have a tendency to drop before the end of the crop year.—A. I do not know that it has anything to do with the crop year. I would say that when the open market price is higher than the board price the farmer delivers to the open market, whether at the end of the year, at the beginning of the year, or any time during the year. It is merely a question of price.

Mr. DONNELLY: Wheat is now a dollar a bushel, is it not?

The WITNESS: Yes, I think so.

Mr. PERLEY: You have not delivered any wheat yet on this next year's crop.

The WITNESS: But we have been selling from this year's crop.

The CHAIRMAN: Could we not proceed with the next item?

Mr. DOUGLAS (*Weyburn*): That looks like an almost impossible proposition from the commercial viewpoint that anybody, whether governmental or private, would get nothing but that part of the business offering what the open market price is below the board price; what possible hope would there be of anyone operating successfully speaking of the financial position?

The WITNESS: We all know, of course, that the board is a voluntary board. The farmer does not have to deliver to the board. When he has a crop to sell he is a shrewd business man and he bases his deliveries of wheat on a comparison of the open market price and the board price, and if the open market price is higher he delivers to the open market while if the prices are in line, or practically in line, he delivers to the board.

Mr. DOUGLAS (*Weyburn*): What hope is there then that the board can possibly operate on a successful financial basis, supposing you only get wheat under those conditions?

Mr. DONNELLY: That depends on the selling done by the board.

The WITNESS: I think the whole question of the success of the board is whether they can sell their wheat at a sufficiently high price so they can make some return to the farmer.

Mr. DOUGLAS (*Weyburn*): The actual position of the board is that of becoming increasingly the medium for taking the surplus wheat off the market whenever the prices tend to drop.

Mr. PERLEY: Yes.

The WITNESS: I think that has been the position of the board ever since 1935. Perhaps you will remember a discussion when Mr. Perley in 1935 was vice-chairman of that committee; the real problem at that time was whether it

was to be a voluntary or compulsory board, and finally your committee agreed that a voluntary board was to be preferred and it has been a voluntary board ever since.

Mr. PERLEY: They did not agree to that with my consent, but they did agree.

The WITNESS: Of course, I do not know anything about what went on in the committee when they were considering their recommendations.

Mr. PERLEY: I think Mr. Douglas has got a point there, that when they saw the board price was better than the market they delivered to the board and the board carried the load. And now, the nearer you get to the crop year—they sold wheat last year and took it off the market when they sold it for future delivery—when you sell it you later transfer the option and naturally the board is just carrying the load.

The CHAIRMAN: Of course, if the open market price had been higher last fall, deliveries would have been substantial to the open market as compared with deliveries to the board. I do not see that the time of the year makes any difference, I think it is a question of the actual conditions existing at the time; and that does not detract at all from the question that you asked Mr. Douglas; it is just a matter of government policy with respect for the operation of the board.

Mr. DOUGLAS (*Weyburn*): The table is put in here by the board, it is in their report on page 4, and it shows conclusively my contention that the board had been following a policy of taking wheat off the speculative market when it is falling—

Mr. MCNEVIN: I think when the wheat board was set up its main function was that of protecting the farmer at a time of abnormally bad markets; to protect the interests of the farmer when the price of wheat falls below a certain point. When the market is buoyant and prices are higher, the farmer has the privilege then, that he should have, of selling his wheat where, when and how he likes.

Mr. FAIR: I think this whole system is rotten to the core. I am not saying that the wheat board is rotten to the core; but the company system in Winnipeg, and to my mind that destroys the effectiveness of the board.

Mr. HENDERSON: I would like to say just a word there: had it not been for the grain exchange at Winnipeg the farmers would not have known when there was any increase in price and they would not have known when to deliver in the open market and when to deliver to the board . . .

Mr. DOUGLAS (*Weyburn*): Mr. Chairman, to mention the point raised by my friend, Mr. Henderson, I want to say that I am afraid of that sort of thing—our argument is that the Winnipeg Grain Exchange should be closed and this wheat all sold to the wheat board.

Mr. HENDERSON: Just the minute you did that you would not know anything about these changes in price.

Mr. DOUGLAS (*Weyburn*): Oh yes, we would. Wheat sold to the board would be sold in the world market.

Mr. HENDERSON: Then what would happen if you sold it to markets such as Chicago and Minneapolis?

Mr. DOUGLAS (*Weyburn*): Of course, we could not go to Chicago and Minneapolis—but whatever the world price is, whatever they get for their wheat would be reflected in the returns to the participants—

Mr. MCNEVIN: We had very considerable discussion on that matter in this committee last year, and also in other years and as I recall the disposition of the matter, the large purchasers of Canadian wheat which are the British buyers

definitely expressed a desire to have the grain exchange remain open. I do not think we would gain any very great advantage by having a rehearing of that this year.

Mr. FAIR: I would like to add my word to what Mr. Douglas has said—

The CHAIRMAN: Would you speak a little louder, please?

Mr. FAIR: I said, I want to add my word to what Mr. Douglas has said and I want to say again, that in my opinion the wheat board is the only sound system of selling our wheat, and we should not under any circumstances have the grain exchange operating because it does not in any way reflect the true value of wheat. I want to make my stand perfectly clear, I am entirely in favour of the wheat board handling all our wheat.

The CHAIRMAN: The committee had a discussion on that subject last year. Have we not had enough discussion on that? Can we take the next item?

Mr. PERLEY: No, Mr. Chairman, there are a few questions I would like to ask: last year the statement was made that the request for considering the open market came from Britain, is that not right?

The WITNESS: That is quite true.

Mr. PERLEY: And now, if they cut off the open market in Winnipeg and deal through you on the basis of present prices, I would like you to explain why they would not want that when Chicago prices are $1.21, and, just before you get on your feet, Mr. McIvor, here is a statement published by the Department of Trade and Commerce, a monthly review which shows the disposition of offers at Saint John and St. Lawrence points: for instance, in this month—I think it is February, or January—it was $1.11 and $1.12; now, could you just explain to me and maybe to the committee what we are to take from that report—you have this, no doubt?

The WITNESS: No, I have not.

Mr. PERLEY: This was put out as a monthly report by the Department of Trade and Commerce, a monthly wheat statement.

The WITNESS: Mr. Chairman, I think we went through most of this last year, but I haven't any objection to going over it again.

Mr. PERLEY: This is in relation to the present.

The WITNESS: I would like to see it, if you don't mind, Mr. Perley. The whole question of the manner in which the British bought their wheat was gone over and over and over before this committee last year. You asked me exactly the same thing last year, as I recall it. Now, these prices are prices at Saint John and Halifax, delivered on board the steamer. You have got to add the cost of getting it down there. You made reference to the Chicago market. I think there is a little misunderstanding about what the Chicago market means to the country. I think you made the statement that the Chicago market price was $1.21.

By Mr. Perley:

Q. That is net to the farmer.—A. Then that would be about $1.45.

Q. Yes, $1.45 or $1.46.—A. First of all I would like to say that the amount of wheat that all countries are allowed to ship into the United States commercially, as a commercial product, is limited to 800,000 bushels.

Q. Is it 800,000 bushels?—A. 800,000 bushels each year, and 795,000 of that applies to Canada. And now, what happens is, that each year immediately the crop year in the States ends—that is on the 30th of June—immediately we go into the new crop in July that 795,000 bushels is immediately shipped in and the duty paid on it by the shipper, the market is then closed to this country.

Mr. SENN: That is a quota.

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.

Mr. DOUGLAS (*Weyburn*): And now, would it not have been better if the board had negotiated with this American Credit Corporation rather than have them go to the open market; was anything done along that line?

The WITNESS: Yes, I personally had some discussion with them in Washington and it was their view that they would prefer to purchase this wheat in the open market.

Mr. DOUGLAS (*Weyburn*): Taking into consideration the big price on the Chicago market, and the exchange, which would be to their benefit, and taking into consideration the freight and transportation expenses paid by them; what would be the spread between what they got that wheat for and what it would be worth if they had had to buy it at Chicago?

The WITNESS: I am not sure, Mr. Douglas, as to what the spread would be because I do not know what the comparable grade would be in Chicago. I would say the spread would be somewhere in the neighbourhood—and I want to make it perfectly clear that I am not—

By Mr. Douglas (Weyburn):

Q. You are not just sure about it— —A. I would say it is somewhere around 40 cents a bushel. But I again want to emphasize that in Canada even if the quota were open and we wanted to ship into the United States we would have to pay a 42-cent duty.

Q. The Americans were getting next to the top wheat out of it?—A. I think they were fair, Mr. Douglas. I might say that they are buying considerable quantities of wheat from Australia at very much less than our prices.

Q. What for, feed?—A. For feeding purposes.

Mr. WHITMAN: Is that for feed purposes?

The WITNESS: For feeding purposes.

Mr. DONNELLY: This would be for milling purposes?

The WITNESS: No, feed.

By Mr. Perley:

Q. Can you let us have a breakdown showing the differences in costs between Fort William and Saint John; how much of that difference of 21 cents or 22 cents between Fort William and ports like Saint John—A. Where is the 21 cents and the 22 cents?

Q. Well, the difference between 90 cents and $1.11 and $1.12.—A. Where is the 90 cents Fort William? Wheat is not 90 cents in Fort William, wheat is a dollar at Fort William.

Q. Wheat delivered to your board is at a price of 90 cents.—A. I know, but that is not the market.

Q. I know it is not, but taking your board price of 90 cents for wheat and follow this through, when you sell it instead of sending it over— —A. We are operating ourselves on the market in Winnipeg.

Mr. DONNELLY: You are selling at Winnipeg prices.

The WITNESS: You are making a comparison between the board price of 90 cents and the price at seaboard.

By Mr. Perley:

Q. It is the January monthly report and shows that difference between the open market and the 90 cents— —A. I can get you a breakdown on that.

Q. Well, tell me this, how many American firms are exporting Canadian wheat?—A. Last year I think I told you there were Cargill's, who are an American interest but have their own company in Canada.

Q. That is really an American firm, their head office is over there.—A. Yes, the head office is in the United States. Then there is Laval—their head office is New York.

Q. Will you give us a breakdown later then showing the American exporters of Canadian wheat, all of the chief exporters of Canadian wheat; and, what firms are doing the exporting.—A. That is all in this evidence.

Q. I just wanted to make a comparison between last year and this year.—A. There is not much change from last year.

Q. And I want the percentage of exports to each of the different firms; how many export firms have you now?—A. You mean, how many export firms are in the business?

Q. Yes.—A. I gave you all that last year.

Mr. WHITMAN: This is all a repetition of last year's evidence.

Mr. PERLEY: Not at all, I just want to know if they were the same as last year.

Mr. WRIGHT: I should like to ask Mr. McIvor whether if the fact that the board was the largest holder of wheat they could not control the Winnipeg price by holding grain off the market or by delivering wheat to the market? It would seem to me that if they have the wheat—and I know that when wheat was selling at 90 cents they bought all the wheat—they could determine and control the price on the Winnipeg market either by selling wheat or withholding it. It would seem to me it should be quite easy for them to exercise a control over prices of wheat. They get all the wheat when it is down around 90 cents or lower and they have a deeper hold on the wheat. I am asking Mr. McIvor if he has, any opinion to give us on that.

The WITNESS: Do you think we should, Mr. Wright.

Mr. WRIGHT: I am not setting the policy.

The WITNESS: I am just putting that to you; if you were in our place would you not consider it your duty to try to get the best price you could for your wheat rather than embarking upon a policy of trying to control something.

Mr. DONNELLY: What is the history of other organizations who have tried to do that very sort of thing.

The WITNESS: It is not very good.

Mr. DOUGLAS (*Weyburn*): You say that the board have consciously, deliberately, tried to have the price raised?

The WITNESS: We have tried to get the best price we could for the people who are holders of our participation certificates.

Mr. DOUGLAS (*Weyburn*): At this moment the people who are the holders of your participation certificates cannot get the benefit of selling on the open market.

The WITNESS: I hope there will be some benefit for them, Mr. Douglas.

Mr. DOUGLAS (*Weyburn*): On every increase in price it just means that a larger percentage of farmers are going to sell on the open market instead of to the board.

The WITNESS: That is right. I think the board are like any other holders of anything and knowing their duty I think we are stewards for several hundreds of thousands of farmers and I think the board must conscientiously try to sell their product at the best price they can get.

Mr. PERLEY: I would like to agree but is that being brought about by this policy, this increase in price? It means, first of all, a large percentage of this wheat not being sold to the wheat board; you people would not benefit by any subsequent rise in prices.

The WITNESS: Well, for the people who have already delivered to the board during this and previous years, as the prices go up they should benefit.

Mr. PERLEY: If it is sold by the wheat board.

Mr. DOUGLAS (*Weyburn*): In your statement here as to the 1941 crop you indicate that you expect a surplus of between $4,000,000 and $5,000,000.

The WITNESS: Yes.

Mr. DOUGLAS (*Weyburn*): This is on the 1941 crop; you show that here in your statement. The point raised by Mr. Perley a moment ago is one in which I am directly interested. An increase in prices would benefit the people who sold wheat openly. How much of that wheat that has been sold to the board is now being disposed of by the board at less than market prices?

The WITNESS: Perhaps I did not make myself clear, Mr. Douglas. I said, referring to advances in the market, that wheat that had been delivered to the board, either this year or in previous years, that holders of participation certificates with respect to such wheat, should benefit from any advance in prices, and the higher we can sell the more benefit there should be.

Mr. DOUGLAS (*Weyburn*): Is the board selling wheat at less than market prices?

The WITNESS: I think, Mr. Chairman, if I may say so, we are getting beyond the range of the section we were discussing. I have no objection to discussing it, but I think that a question as to what the board are doing at the present moment is one that I should not be asked.

By Mr. Douglas (Weyburn):

Q. I do not want to ask it if it is not a proper question. But when Mr. McIvor says that people who delivered before to the board are getting the benefit of these increased prices, it does not seem to me in accordance with the facts Mr. McIvor has stated here, namely that the board, as he told us last year, sell this wheat on the open market, and that wheat has been purchased by the United States on the open market. How is the present increase in prices directly benefiting the people who sold this wheat to the wheat board?—A. Well, to the extent that the board sells this wheat at the higher price, to that extent it is bound to benefit them.

Q. May I ask another question. The wheat board at the present time has pegged the price at 90 cents on the exchange. Previously it was pegged at 70 cents.—A. Yes.

Q. What would be the effect if the price went up to around a dollar, of pegging it at one dollar?—A. What would be the effect of pegging it at a dollar?

Q. Yes.—A. Who is going to take it if it goes to a dollar?

Q. A lot of people took it when it was pegged at 90 cents.

Mr. PERLEY: The open market is taking a chance on buying it.

Mr. DONNELLY: The open market price is not pegged.

The WITNESS: No.

Mr. DOUGLAS (*Weyburn*): The minimum is pegged.

The WITNESS: The board price is 90 cents.

Mr. DONNELLY: That is the minimum?

The WITNESS: Yes. That has the effect of putting a floor under the market of 90 cents.

Mr. WHITMAN: That price was pegged by the government.

The WITNESS: The board agreed to pay 90 cents.

The CHAIRMAN: It is not pegged in the sense of a pegged price on the exchange. It is a floor price.

The WITNESS: In other words, no one is going to sell his wheat below that price.

Mr. WHITMAN: Mr. Douglas was asking what would happen if it were pegged at a dollar.

The WITNESS: I am coming to that, if you will permit me. If you say to the grain exchange that wheat cannot sell under one dollar, somebody must be prepared to take it at a dollar.

Mr. DOUGLAS (*Weyburn*): That is correct.

The WITNESS: Otherwise you have something that will not work. You have everybody trying to sell at a dollar and nobody buying.

By Mr. Perley:

Q. Are not the grain exchanges taking a chance in buying over a dollar?—A. The grain exchange do not buy wheat.

Q. I sold some the other day.—A. Individuals on the grain exchange do buy wheat in the country and hedge it.

By Mr. Douglas (Weyburn):

Q. Are they not buying it now?—A. Yes.

Mr. PERLEY: I delivered some the other day.

The WITNESS: And they are hedging it in the market at a dollar. But you are going to go farther than that. You are going to have a guarantee of a dollar. Unless somebody is prepared to give that guarantee, you cannot have a pegged price of a dollar on the exchange.

By Mr. Douglas (Weyburn):

Q. There is nothing to warrant the statement, if I understood you correctly, that nobody would buy it at a dollar.—A. I said that you might find yourself in that position.

By Mr. Perley:

Q. In other words, you are arguing that if it was not for the government having pegged the price now at 90 cents or being willing to buy it at 90 cents, the grain exchange would not take a chance on buying it as they are now doing in the country at over a dollar?—A. No. I am not arguing that at all.

Q. You said, "Who would take the wheat?"—A. I made an answer to Mr. Douglas' question; and Mr. Douglas' question was very clear I think. He asked me why the price should not be a dollar, as I recall it. I went on to say that, if the price was a dollar, somebody would have to be prepared to pay a dollar if you are going to have a guaranteed price of a dollar. Now, you go on to say that I am arguing—would you mind repeating what I am arguing again, because I cannot remember?

Q. Yes. You are saying, "Who would take it?"—A. Yes.

Q. At a dollar?—A. Yes.

Q. I say that the grain exchange fellows are taking a chance now in buying it in the country.—A. And selling it?

Q. Sure.—A. Yes. All right.

Q. Could not the government do that thing?—A. Oh, well—

Q. I will put it this way, Mr. McIvor. Suppose we do away with the exchange, and the board has power to buy all the wheat. Do you not think that with all your staff, and the experience that you have, you could so increase your staff and make as good a job in marketing the whole crop as the grain exchange and you together are now doing? And would there not be more farmers participate or get something out of their participation certificates than are doing so now, because about 40 per cent of the wheat has gone

to the board, against which participation certificates are issued. The open market has got the balance. There can only be 40 per cent participating as far as the board is concerned, in participation certificates. The other will not get very much.

Mr. DONNELLY: What would happen to the man who sold his wheat to the government at 90 cents and finds these other fellows getting a dollar now?

Mr. PERLEY: The government would export wheat and get just as good a price in the world market; they would have the whole thing in their hands, and have participation certificates, if there was anything for the farmer.

Mr. MCNEVIN: What is there to hinder the farmer right now from getting a dollar for his wheat?

Mr. PERLEY: He can take it on the open market and get a dollar.

By Mr. Ross (Souris):

Q. From your experience would you care to say why there is the existing difference in the price of wheat in the United States and Canada? What is the reason for that? For the past few months there has been a very great difference. In your experience you must have a pretty fair idea of why that exists.—A. Well, Mr. Ross, in the United States you have quite a different situation from what you have in this country. In the first place, you have a big market in the United States; that is, a big domestic market. You have a population of 130,000,000 people, who, in the ordinary course of events, consume roughly some 700,000,000 bushels of wheat.

By Mr. Donnelly:

Q. What percentage is that of the crop?—A. Oh, 80 per cent. More than that; probably 90 per cent of the crop.

Q. Of the amount produced?—A. Yes.

By Mr. Ross (Souris):

Q. But there is still quite a surplus?—A. Yes. I was just coming to that. In this country, of course, we are just always in the reverse position. We have only 12,000,000 people, and our market is the export market. The United States, as you know, have embarked on a huge feeding programme, and the consumption of wheat, corn and other grains has been very large. In addition to that, of course, they follow a system of farm loans—I think they call the figure 85 per cent parity, as I recall it. But they have a very ready market for the bulk of their wheat with their own people. So I think you have a very different situation from what you have in this country. In other words, they are going to face up to this year with a carry-over, as I recall it, of about 650,000,000 bushels. We will be very much in the same position.

Q. That will be approximately a year's supply for them?—A. Well, it will be less than a year's supply. As to their normal carry-over, in pre-war times if they had a carry-over of 300,000,000 bushels, I think they would consider that is the closest adjustment they should have from one crop year to another. Now, with the amount that they are consuming for feed and other uses 650,000,000 bushels is not a big carry-over for them. But it is a big carry-over in this country, when we have only 12,000,000 to 13,000,000 consumers, and we will have approximately the same carry-over as the United States.

Q. At the end of this crop year?—A. Yes.

By Mr. Douglas (Weyburn):

Q. But it is the law of supply and demand which is responsible for the difference in the two markets.—A. You have an entirely different set-up between the two.

Q. That may be so. Probably you could help the committee by explaining, if the law of supply and demand is the responsible factor, how it is that in Canada when we have this tremendous surplus with a very small population, the market price is now anywhere from eight to ten cents above the board price. What brought that price up?—A. Of course, the law of supply and demand is a very much abused term, I think. For example, there is a huge demand in China.

Q. I am talking about locally.—A. And there is a supply here.

Q. I am talking about the local supply.—A. I was coming to that.

Q. The demand in China is not effective demand.—A. The situation in this country is that the amount of wheat that can be marketed is, first of all, limited to 280,000,000 bushels of this crop; and the amount of wheat which can be transported to the lake head and become a market factor is the amount you have got railway cars for, within the 280,000,000-bushel limit. That is the supply as far as the market is concerned.

Q. That is the supply as far as the new crop is concerned?—A. The present crop.

Q. Is there not another crop, available on the market, having regard to the future price?—A. It will be available after the turn of the year. Shipment will be made to the lake head. But the effective amount of wheat that is coming forward to feed the market is the amount that you can transport.

Q. You will have wheat coming up to the seaboard all the time?—A. We do not ship to seaboard. We merely ship to the lake head.

Q. You sell on future contracts?—A. Yes.

Q. And that wheat will be moving forward all the time?—A. Yes.

Q. There will be more than 280,000,000 bushels available for any one who wants to purchase. All those back crops will be available, as surplus?—A. Yes. But that is on the farm.

Q. Not all of the surplus is on the farm, surely.—A. No. It is not all on the farm. But there is a good deal of that surplus in Canada that has been sold, waiting to go out. What I was getting at was the amount that will be marketed and has been marketed over this crop year up to the 31st of July is 280,000,000 bushels.

By the Chairman:

Q. That is all that can be marketed?—A. That is all that can be marketed, yes.

By Mr. Douglas (Weyburn):

Q. But that does not rule out your large surplus?—A. No.

Q. As part of the supply?—A. No. But I assume there are those who feel, with the close adjustment in the United States, and the general prospective feeding situation, projecting it twelve months ahead, that wheat is worth more than 90 cents.

By Mr. Perley:

Q. May I just ask a question here. I have a recent report published in the Winnipeg Press, dated May 15, 1943. It is headed, "U.S. to Ask More Wheat." It reads:—

> Anticipating that U.S. will be called on to ship large quantities of wheat in Europe in 1944, War Food Administrator Davis plans to ask farmers for a sharp increase in winter acreages sown next fall, and hopes to be able to get supplementary supplies from Canada and Australia.

No specific goal has been set as yet, but agriculture department grain experts said they expected Davis to ask for an increase of at least 25 per cent above this year's low level of 52,000,000 acres.

There was no indication of how much grain Davis expected to obtain from Canadian and Australian sources.

Evidently the United States are expecting large exports to Europe this next year. Have you heard anything of that, Mr. McIvor?—A. No, I have not. I have not heard that. From the purport of that article, it would indicate that the United States would purchase Canadian wheat and send it overseas. That is the way that article reads.

Q. Yes. But they would have to have some special arrangement.—A. I know nothing about it. That has never been discussed.

Mr. DONNELLY: The United States are encouraging the farmers to grow more wheat and go out for less coarse grain.

Mr. PERLEY: The article says they want an increase of 25 per cent on 32,000,000 acres.

The CHAIRMAN: I think that is all based in anticipation of what is going to happen in Europe and the trend of the war.

Mr. DONNELLY: Yes.

The CHAIRMAN: I think that will have an influence on the market in this country too, in that it looks as though the North American continent is going to have a big job to do in attempting to feed the people in Europe when conditions are opportune for them to do so. Are there any further questions in respect to this item?

By Mr. Matthews:

Q. How does the spread in price this year, as between Canada and the United States, compare with the spreads in previous years?—A. I am sorry, but I have not that information, Mr. Matthews, other than offhand.

Q. What would you say, just offhand?—A. Offhand, I think the spread is considerably wider.

By Mr. Donnelly:

Q. Have they a processing tax?—A. Not now.

Q. They have no processing tax now?—A. No. They had one, but it was disallowed.

The CHAIRMAN: Can we proceed with the next item?

Mr. DOUGLAS (*Weyburn*): May I finish with the point I was trying to make with Mr. McIvor?

By Mr. Wright:

Q. There may have been a misinterpretation of the first question I asked. That was as to why the board had stabilized the price when it had risen to one dollar by selling wheat at a dollar? Why not let it rise to $1.05 or $1.08. Why say the open market stabilized it at one dollar, because I feel that the board, holding most of the wheat, must have been responsible for the stabilization.—A. The difficulty with that is that no one can tell whether the market is going to go to $1.05 or $1.08. We hope it will go there. But I think probably most of us are inclined to look at the market using hindsight; and it is a much more difficult thing to try to anticipate the future. I did not say—and I would want this clearly understood—that the board stabilized the price at a dollar. I did say that the board had been selling on this market but I did not say they had stabilized at a dollar.

Q. But the board, being the largest holders of wheat in Canada, naturally can stabilize it.—A. I should say that was not true, Mr. Wright.

Mr. PERLEY: Do not give them any of their options and see what will happen in the next few days.

By Mr. Douglas (Weyburn):

Q. May I finish a question I was asking Mr. McIvor. He pointed out to me the fact that there was a limited amount of wheat coming forward, and it was restricted as to cars, and the fact that there was a diminishing surplus in the United States, which would cause people to feel that wheat was worth more than 90 cents. At the present time apparently a lot of people feel it is worth a dollar. Does that not pretty well offset the argument that Mr. McIvor put up a few moments ago to the effect that, if the board were to put a floor of a dollar on, people would not take the wheat? Are not all the factors pointing to the fact that wheat is now worth considerably more than 90 cents and is probably worth more than a dollar?—A. Well, Mr. Douglas, I do not think there is any greater uncertainty in the world than the future course of the wheat price.

Mr. DONNELLY: Hear, hear.

Mr. PERLEY: Why speculate, then?

The WITNESS: I beg your pardon?

Mr. PERLEY: Why fiddle with the open market, then, and the future price?

The WITNESS: Are you referring to me?

Mr. PERLEY: Well, the board is dealing in futures. Have you not been dealing in buying and selling futures?

The WITNESS: Have I?

Mr. PERLEY: The board?

The WITNESS: Oh, the board.

The CHAIRMAN: May Mr. McIvor be allowed to answer Mr. Douglas' question?

The WITNESS: Yes, may I?

The CHAIRMAN: In sequence.

The WITNESS: I want to make it clear, Mr. Douglas, that I see your point of view. There is at the moment certainly a good demand for wheat at around a dollar, but I do not know how long it will last, nor do I think that anyone else does. We hope that the situation will continue so that the farmers of this country can get a higher price. But certainly no one knows that.

By Mr. Douglas (Weyburn):

Q. The fact is that they are much closer to that now than they were when the government announced its policy in January?—A. I have seen that so often, and I have been at this thing for a long time. I have seen this thing so often, that when every factor you put down on paper looked to be fool-proof, something came along that upset all your calculations and you found there was some factor that had not been considered.

By Mr. McNevin:

Q. The factor of oncoming crops?—A. All of those things.

Mr. DOUGLAS *(Weyburn):* Oncoming crops will not make any difference unless there is a crop failure, because they cannot deliver any more than 280,000,000 bushels.

The CHAIRMAN: Can we proceed to the next item, which is exports? Are there any comments on that?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Are there any questions with respect to the next item, the delivery quota system?

By Mr. Perley:

Q. Was there any discrimination—I suppose I should not put it that way, but there are a lot of people who felt that there was discrimination in the allotment of cars on the C.N.R. and the C.P.R. I know on the C.N., south of us, they had a much larger quota most of the year than they had on the C.P., on their main line.—A. Are you referring to this present year? Or are you referring to previous years?

Q. It is at the bottom of the column. I have it marked. But I will ask with respect to any year.—A. There has been no discrimination. You have interjected the question of cars. Cars and quotas are two different things. I have a statement here on the whole basis of quotas for this year. It is, as you know, a big problem, and I should be very glad to deal with both.

The CHAIRMAN: Could Mr. McIvor make a general statement on the policy with respect to the working out of the quotas and the arrangement with respect to cars for elevator companies?

Mr. PERLEY: All right.

The CHAIRMAN: Is that the question?

Mr. DOUGLAS *(Weyburn):* Agreed. I should like to have that. Is it all that manuscript there?

The WITNESS: No. It is not all. This is fairly long.

Mr. DOUGLAS *(Weyburn):* I was going to say if it could be put on the record, we could read it before our next meeting, instead of putting Mr. McIvor to the trouble of reading it.

The CHAIRMAN: A general statement with respect to the policy carried out is, I think, what the committee wants.

Mr. DOUGLAS *(Weyburn):* Yes.

The CHAIRMAN: If there are any further details we can get them from this; we will look at it later.

Mr. DOUGLAS *(Weyburn):* Yes.

By the Chairman:

Q. Would you review the policy that has been carried out with respect to quotas for individual points and also the effect of car distribution and how that policy is administered?—A. Yes. First, I shall speak with regard to the general policy as to quotas. Of course, we started out as in past years—if I get off the beam, I hope Mr. Davidson will correct me—with a 5-bushel quota. As you all know, the harvest last fall was late; and we found last year that there was a very big demand for feed grains in eastern Canada. So we embarked upon the policy of shipping grain in accordance with the demand. In other words, we felt in the early part of the year that it would not be wise to ship high-grade wheat, from, we will say, southwestern Saskatchewan, when there were big supplies of high-grade wheat at the lake head, and when we knew very well that in Ontario, the province of Quebec, and the maritimes, there was a demand for low-grades. So we shipped generally along the line of shipping the kind of grain that was needed, which included low-grade wheat, barley and oats. That did, for a time, create more congestion at some points in southwestern Saskatchewan and southern Saskatchewan than if cars had been applied evenly over the three provinces. We also had the problem of shipping malting barley. We arranged at the outset that any man with a car of malting barley could deliver it over the quota, and then that was increased to two cars and then to three cars. We also

had the problem of flax. If you remember, under the arrangements regarding flax, we agreed that a man would not be subjected to the quota. We had to keep the flax cleared from the elevators by putting cars into these points. But as we progressed along the season, or the year, we gradually worked these low-quota points up higher. We used them to a very considerable extent to fill the mill demand; and wherever we could, we ordered cars in to these low-quota points, and they were gradually raised. To-day there is not any quota in western Canada under 12 bushels of wheat, and I expect that this week we will be able to declare a general quota of 15 bushels over the three provinces. You agree with that, Mr. Davidson, do you?

Mr. DAVIDSON: That is right.

Mr. PERLEY: That came over the radio this morning. I heard it.

The WITNESS: They are a little ahead of me, then. I now feel very confident that we will be able to take care of all these shipments so that the other quotas can be taken care of. We have had the worst winter, I suppose, in the history of western Canada as far as the movement of grain is concerned. The result was that there were days on end when the railways could not move cars at all. All of that added to our difficulties. However, car movement is very good at the present time, and cars are being pushed into these points in southern Saskatchewan—which have been the worst points that we have had—some of them, and some in Alberta. In addition to that, we have also permitted over-deliveries of damp wheat. As you know, the elevator companies cannot hold damp wheat in the country elevators, and we permitted cars to go in for damp wheat.

By the Chairman:

Q. At that point may I ask if there was any concession given to the farmer who had damp wheat stored in his granary out of his quota?—A. Yes.

Q. He was allowed to deliver?—A. He could deliver and get a car for the shipment of this wheat. The damp wheat problem which we thought would be very extensive at one time, was cleaned up nicely, and a lot of this wheat was threshed dry in the spring, which relieved us of a great many problems.

On the 5th of June—dealing with the provinces individually—in Manitoba there are 368 points. One hundred per cent of those points are on a 15-bushel quota. In oats, there are 368 what we call open points; that is, there are no quota restrictions other than that the deliveries must be recorded in the permit book. In barley there are 368 open points and in rye there are 368 points at 20 bushels; the quota is 20 bushels. In the province of Saskatchewan—and this is on June 5; there has been considerable improvement since then—there are 455 points, or 40 per cent of the province, on a 12-bushel quota; 350 or 31 per cent, on a 14-bushel quota; 325 points or 29 per cent of the province on a 15-bushel quota. As far as oats are concerned, there are 543 points or 48 per cent of the province on 20 bushels; 375 points or 33 per cent of the province on 30 bushels; and 212 points, or 19 per cent of the province, are open points. In the province of Alberta, all points are at 15 bushels with respect to wheat. As Mr. Perley said, all points to-day in the three provinces are at 15 bushels. So that the situation looks a great deal brighter. I might say that one of the only reasons that we got through as well as we did was that those producers who were at those bad points were very patient. They were exceedingly patient. We got a great many letters, but when they were written to and the matter was explained to them, they agreed, I think, that we were following the correct policy. It was only through the cooperation of the producers that there was not more trouble in regard to the movement.

By Mr. Donnelly:

Q. What are the prospects of having cars so that the producers can deliver their quotas?—A. We are getting all the cars we need now, Dr. Donnelly.

Q. There are very few points that I know, that I deliver to, that have been able to deliver their quotas for some time past.—A. If you check within recent days, I think you will find there has been a great change in that situation. If you give me the points you have in mind, if the cars are not going in there we will see that they do go in.

By Mr. Perley:

Q. What is the situation along the main line?—A. Very good.

By Mr. Fair:

Q. If the 15-bushel quota will not make up the 280,000,000 bushels, will there be a further extension of that?—A. The board's responsibility, of course, is to permit delivery of 280,000,000 bushels. Frankly, at the moment I do not know how the 15-bushel quota will work out, because there are so many speculative factors; we cannot tell anything about that for two or three weeks probably.

By Mr. Donnelly:

Q. How many million bushels have been delivered now?—A. About 209,000,000 is the last figure I saw.

Q. That is as of what date?—A. Well, it was several days ago, Mr. Donnelly.

By Mr. Evans:

Q. What percentage of deliveries has the board had this year on the 1942-43 crop?—A. What percentage?

Q. What percentage of the deliveries?

By the Chairman:

Q. The board assumes responsibility for all deliveries under the quota.—A. Yes, as far as that goes.

By Mr. Donnelly:

Q. What has been sold to the board?—A. I do not really think I should give that figure.

By the Chairman:

Q. May I ask who controls the delivery of cars as between the elevator companies? That was probably mentioned last year, but it is well to know just who is responsible in that regard.—A. It is the board's responsibility to control the delivery of cars to country elevators. We operate directly under the transport controller. He assigns to us that duty in the west. The system that is followed—I think I had better read this.

By Mr. Douglas (Weyburn):

Q. Before you leave the question of cars, may I ask another question. If I caught it correctly, there seemed to be a large percentage of points in Saskatchewan still with the 20-bushel quota on oats. What is the reason for that? I think about 40 per cent of the points had a 20-bushel quota on oats, Is that due to lack of cars?—A. The reason for that is that there are a lot of points in Saskatchewan which have not a favourable freight rate to Minne-

apolis. There is a big area that has, but there is a big area that has not. And the purchasing power for the movement of oats to the middle west has gone into the points with the favourable freight rate.

Mr. Ross *(Souris)*: I know it is a little past one o'clock but I think there will be quite a little discussion on this.

Mr. Douglas *(Weyburn)*: How would that affect it?

The Witness: Because there is not room for more. What we are doing now, Mr. Douglas, is that we are concentrating on this point of getting this stuff moving to Lakehead so we can handle the quotas better.

The Chairman: Just a minute, gentlemen; what is the wish of the committee with respect to this afternoon? The grain board people are very anxious to get back to Winnipeg as quickly as they can as they have some very important matters to attend to.

Some Hon. Members: Make it four o'clock.

The Chairman: Then we will meet again at four o'clock this afternoon.

Mr. Perley: But, Mr. Chairman, the Minister of Naval Affairs has just started.

Mr. Douglas *(Weyburn)*: I would move that we meet again at four o'clock this afternoon.

Motion agreed to.

The Committee adjourned at 1.07 o'clock, p.m., to meet again at 4.00 o'clock, p.m., this day.

AFTERNOON SESSION

The committee resumed at 4.15 o'clock p.m.

The Chairman: We have a quorum gentlemen; shall we proceed?

Mr. McIvor was just making a statement with respect to the delivered quota system and its effect on the delivery of grain. May he continue?

Mr. Perley: Where did we leave off, on page 6?

The Chairman: No, it was on page 5, delivery quotas. You might continue with your statement, Mr. McIvor.

The Witness: I think, Mr. Chairman, just before we broke off, the question of durum wheat came up, as I recall it.

Mr. Whitman: Yes, Mr. Ross brought it up.

The Witness: Do you want me to deal with that now, or do you want me to wait until Mr. Ross is here?

The Chairman: I think that perhaps it better be dealt with now, somebody else may be absent at some later time.

The Witness: On the 30th of March we issued a statement to the effect that durum wheat could be delivered over and above the quota. I think I better read the first paragraph of that statement:—

> The dominion government has authorized the Canadian Wheat Board to remove restrictions on the marketing of durum wheat for the balance of the crop year. Durum wheat is used in the manufacture of macaroni and allied products which are in demand for civilian and military use. Macaroni in its use is a meat substitute and consequently an important food product under present conditions. The present removal of restric-

tions on the marketing of durum wheat is effective only until July 31, 1943. On and after August 1, 1943, restriction on wheat deliveries as announced for the crop year 1943-44 will apply to durum wheat as to other varieties.

Now, the reason for that recommendation to the government was the fact that durum wheat delivered under the quota was pretty well exhausted, and in view of the prospect of meat rationing and the necessity of encouraging the use of other foods the board recommended to the government that durum wheat, which is not used in bread-making but entirely for macaroni and other allied products, be delivered irrespective of quota. The durum wheat is usually grown in Manitoba and southeastern Saskatchewan.

By the Chairman:

Q. How much durum wheat did you get?—A. Mr. Davidson tells me that we got 2,000,000 bushels. We had delivered to us about 2,000,000 up to the time the quota came off, and I think we expected a further 2,000,000—wasn't that the situation?

Mr. DAVIDSON: Yes.

The CHAIRMAN: That means durum wheat grown in the west this year will be not very difficult to dispose of?

The WITNESS: Yes. Do you mean in relation to the 280,000,000?

The CHAIRMAN: No, in addition to that.

Mr. DAVIDSON: Yes, that is it.

The WITNESS: That is as I understand it.

The CHAIRMAN: Not entirely outside of the 280,000,000 bushels.

The WITNESS: That 280,000,000 was for deliveries on the quota.

The CHAIRMAN: Yes, the first deliveries are on a quota basis; and now over and above the quota for this last year, permitting the delivery of 280,000,000 bushels—that is outside of the 280,000,000 bushels?

The WITNESS: I see your point; in other words, the amount over and above the quota is over the 280,000,000.

By Mr. McNevin (Victoria, Ontario):

Q. And that will mean the whole amount of durum wheat grown will be delivered, regardless of what portion the quota affords?—A. That is right.

By Mr. Evans:

Q. Supposing a farmer delivers a 15-bushel quota of hard wheat, could he deliver the durum wheat, too; is that on the quota?—A. All durum wheat over and above that, yes. It is a clear case of necessity. The wheat was there and we thought it advisable to not have this wheat left on the farm when it was needed so badly.

The CHAIRMAN: Any further questions in respect to that matter?

Section agreed to.

The CHAIRMAN: What is the next matter that arises there?

The WITNESS: I think it is the question of car distribution.

The CHAIRMAN: Yes, the matter of car distribution was the next item that arose.

The WITNESS: I would just like to outline the method of distribution of cars which has been employed this year. I would like to say also that the system that has been followed has been very satisfactory to all concerned, because we have had so far as complaints are concerned, very few on the

handling of this year's crop. I think I could read to you the report I have in my hand here on the basis of car authorization. It reads as follows:—

Since last October, when the Canadian Wheat Board decided that it was necessary to assume complete control over the shipment of all grain, the following procedure has been adopted when authorizing cars for shipment:—

Wheat

1. Damp Grain, Tough wheat with over 16 per cent moisture, Durum wheat, Alberta Red Winter wheat. Due to the market demand for Durum and Alberta Red Winter wheat, and the necessity of moving damp grain to avoid deterioration, cars for the shipment of this class of grain have been authorized freely on application from the elevator companies.

Under this policy the companies receive cars for this class of shipment in accordance with the stocks they have available, which works out the percentage of business they have secured.

2. Wheat shipments to domestic mills. All companies receive a share of all wheat shipments to the domestic mills. This covers open market wheat purchased by the mills from the grain trade as well as wheat purchased from the Canadian Wheat Board. These mill shipments are proportioned to the various elevator companies, in accordance with the number of elevators they operate within the territory designated by the mills from which they are prepared to accept shipment, by a Mill Shipments Committee. The Mill Shipments Committee is a committee on which all members of the grain trade are represented.

3. Low grade wheat shipments to the Lakehead. As there has been such a keen market demand for low grade wheat for feeding purposes, it has been necessary for us on several occasions to order out all stocks of these grades available. At these times the elevator companies secured cars on application in accordance with the quantity of this class of wheat they had available. During the periods when the demand was not as keen, shipments of low grade wheat were restricted to shipments from open stations, which are the low quota stations, but the shipments were still authorized in accordance with the stocks of these grades each company had available at the various open stations. A record is kept of these low grade wheat authorizations and the authorizations are taken into consideration when high grade wheat shipments are authorized.

4. High grade wheat shipments to the Lakehead. When authorizing shipment of high grade wheat to the Lakehead we proportion the shipments between the elevator companies on each market in accordance with the capacity of their permanent elevator facilities.

5. Shipments of wheat to destinations other than the Lakehead or the mills. Shipments of this class of wheat are confined, whenever possible, to shipments from the low quota open stations.

Prior to these policies regarding wheat shipments being put into effect, this matter was given a great deal of consideration by the wheat board and was discussed with representatives of the railways, the mills and the grain trade, including representatives of the producer-owned organizations. Although it was not possible to arrive at a method that was satisfactory to all concerned, it was the consensus of opinion of the majority of the representatives, including the majority of the representatives of the producer organizations, that the policy under which we have been operating was the most practical one, keeping in mind the

necessity of controlling the flow of the different grains and grades to the market and, at the same time, utilizing all storage space to best advantage so as to enable the quota system of deliveries to operate.

Coarse Grain Shipments. The policy of authorizing shipments of coarse grains, due to the keen market demand for these grains, has differed from our policy in connection with wheat shipments. To a large extent there has been a free shipment of coarse grains, cars being allocated to the various elevator companies in accordance with the stocks they had available for shipment and in accordance to the sales they complete. In general this policy has resulted in the elevator companies securing cars for the shipment of their coarse grains in accordance with the amount of coarse grains that are delivered to them by the producers, and in accordance with the sales they complete. This policy has been a great incentive to the companies to find markets and to merchandise the coarse grain.

Preference Order of Shipment. From time to time we have found it necessary to issue instructions to the railway companies regarding the order in which we want them to place cars for shipments authorized by us. Depending on the market demand for the various grains or grades of grain the preference order is issued. Throughout most of the season the movement of damp grain has been the first preference, and the shipment of wheat to mills the second preference. Lower preferences have varied in accordance with demand and transportation.

By Mr. Douglas (Weyburn):

Q. Has this been considered more satisfactory by the farmers themselves than was the allotment of cars on the basis of permanent storage which was the policy before?—A. I think, Mr. Dougles, that this has been the most satisfactory year in which we have operated, because we have had practically no complaints from any of the companies.

Q. They are all satisfied?—A. Yes.

By the Chairman:

Q. Approximately how many cars a day would be required, or how many have you been getting to move grain; and, how many are necessary to get the crop out?—A. During the bad weather the number of cars available got down to about 450 a day, and that was entirely inadequate. We had several discussions with Mr. T. C. Lockwood, Transport Controller who, I might say—I would like to say before this committee—has given a great deal of help to us, and always had the most sympathetic understanding of our situation—and as a result of his representations the cars now available, Mr. Chairman, are running from 1,000 to 1,200 cars per day; which is adequate at the present time.

By Mr. Douglas (Weyburn):

Q. Was there any points at all on the prairies who up to say September 1st had not been able to ship out the first quota of five bushels?—A. Mr. Davidson, do you know?

Mr. PERLEY: Up to what date?

Mr. DOUGLAS *(Weyburn)*: Say December 1.

The WITNESS: Mr. Davidson says that he does not think there were any points up to five, but there were a number of points that were not able to ship out up to eight.

Mr. PERLEY: I think on the main line there were quite a few points that did not get up to eight.

The WITNESS: Yes. I just want to reemphasize what I said this morning that the obligation—and we thought it was an obligation—to get as much low-grade wheat forward as possible had reacted unfavourably towards some of the high-grade wheat points; but it just could not be helped, we stretched the cars just as far as they would go and that is the best we could do.

By Mr. Douglas (Weyburn):

Q. The problem of course was as to the months of October and November when on many points there were no cars available, and a lot of farmers had financial obligations waiting, some of which could not be discharged because of the lack of cars.—A. I am free to admit that there were some points that could not get cars for a considerable period of time; and we would have been delighted to give them cars had we had them available, but we simply did not have them.

By the Chairman:

Q. I was particularly interested in bringing out the information that you were down to 450 cars a day, and to-day you are double that amount, which would suggest the difficulty that there was for a while last year in getting the stuff moved.—A. Mr. Davidson just reminded me of the fact that in the first week of December the railways were given orders to ship all points up to eight bushels and take care of the situation that you have in mind.

The CHAIRMAN: Are there any further questions on this particular feature of the report?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Then proceeding to the next heading, I do not know whether we have any discussion on farm storage or not. The statement is there with respect to what took place last year. It is not in effect this year.

By Mr. Perley:

Q. Mr. McIvor, could you tell us, or would you be divulging any secrets, why they did not continue farm storage?

The CHAIRMAN: Possibly you had better ask that question of Mr. MacKinnon.

Hon. Mr. MACKINNON: I think Mr. McIvor can answer that.

The WITNESS: I should like to say something on that feature, if I may. Frankly, the view of our board was that the whole programme in the marketing of grain should be to get this wheat marketed as soon as storage for it was available. The payment of farm storage has the opposite effect. The payment of farm storage has the effect of holding wheat back; and our board felt—and I think rightly so—that the longer you delayed the delivery of this wheat, the less possibility there was of getting your 280,000,000 bushels delivered. As a matter of fact, we put out several statements during the year urging farmers at points where there was space to deliver their wheat so that we would know where we stood.

By Mr. Perley:

Q. Was there not lots of wheat to take care of that? I mean, there was no danger that you would be short of wheat.—A. We had a great many points where the space was there and the farmers were not delivering.

By Mr. Wright:

Q. That is quite possible, but there was still grain enough back in the country to use all the cars that were available to you at any time.—A. Not

necessarily, Mr. Wright. I want to point out this to you, that the influence of farm storage is that you delay your deliveries on until the last half of June and July; and it is just a physical impossibility to move that grain in that period of time.

Q. But if you had all of your country elevators empty at that time, they would hold any grain that was in the country?—A. Yes. But we did not have them all empty.

Q. You could have had; you could have emptied them and left the grain on the farm.—A. Of course, it is not as simple as that, Mr. Wright. Not only did we have the responsibility of getting this grain through the elevators and into the cars, but we also had to take care of the type of demand that there was.

Q. Oh, yes.—A. It would not do any of us any good to have filled the lake head with high-grade wheat when, at that particular time, there was no demand, and when we should have been putting low-grade wheat, oats and barley there to take care of the eastern demand.

By Mr. Perley:

Q. Yet when you open up at any point, when you increase the quota, you cannot control the grade of wheat that is delivered, because one farmer has No. 2 northern and his neighbour has No. 3. They bring it in and deliver on their quota.—A. That is true. But you know as well as I do that the crop goes in districts. You have certain districts in which there is low-grade wheat produced, and certain other districts in which there is high-grade wheat produced.

Q. Take the item here; there was $648,000 odd paid during the year for farm storage.—A. Yes.

Q. On some 99,000,000 bushels.—A. 99,000,000.

Q. It is shown here that in the month of July there was the largest payment, other than up above in November. November 1 and November 23 show large payments. Would that be based on more deliveries in July?—A. That is the point I am making. First of all, you have got this back-log of deliveries and you cannot cope with them. For example, I think that this year there will be delivered somewhere around 480,000,000 bushels of grain; roughly 280,000,000 bushels of wheat and 200,000,000 bushels of coarse grain, or close to half a billion bushels of grain. That is a tremendous job, and the only way you can do that job properly is to move it over a period of time. You cannot leave it to the last six weeks and expect to get it moved because it is physically impossible to move it.

Hon. Mr. MacKinnon: I think it is fair to say, Mr. Chairman and Mr. McIvor, that the wheat board advised the government that their problem of handling the wheat programme, as decided upon by the government, would be made practically impossible if we had decided to pay farm storage.

The Witness: Yes, sir.

By Mr. Douglas (Weyburn):

Q. I think Mr. McIvor has put up quite a strong argument with reference to the old system of storage, if you were going to move wheat forward. I think there is not any doubt about it, that the payment of storage on a monthly basis would tend to have each producer hold his wheat as long as he could in order to get that extra amount per bushel for storage. Naturally you want that grain forwarded or shipped in an orderly manner so as to use all your facilities while you have them rather than all come in the last month. Although he has made quite a strong argument for not keeping the old type of storage system, it seems to me that he has not made a strong argument for eliminating it entirely. Surely it would not have been too complicated a proposition to have paid storage and

to have had this wheat on demand, so that if at any time you raised the quota for a certain district—if you raised the quota in a district to eight bushels and set a date within which all those in that district who had permit books must deliver their eight-bushel quota or lose the right to deliver, it would simply be during that time when you were prepared to take eight bushels, they would have to deliver eight bushels in a stated period. But until you were able to take it, they would be paid storage for holding it, because there is considerable cost involved in storing this wheat. A lot of them last year had to buy this snow fencing, tar paper and all that sort of thing.—A. Yes. The only difficulty with that is that all of these things were considered by us. Frankly, it is, in my opinion, quite a hardship to say, "Now, there is the date that you have got to deliver by, and if you do not deliver at that date, you are out of luck."

Q. At least, you would be out of luck as far as storage is concerned. That is my point. If you keep it beyond a certain date, after that you waive your right to storage.—.A Yes. But you run into all sorts of reasons why people cannot deliver wheat; and many of them are very good reasons. The roads are gone.

Q. That is right.—A. Or they cannot get in at their usual market.

Q. They would not be hurt. All it would mean is that they would not get any storage if they kept it beyond a certain period. If they keep it beyond a certain period they are storing it at their own expense, which is what they are doing now, anyway. But they should get some compensation for the period in which they are storing it at your request.—A. What I should like to say is this. I think that the whole basis this year was changed. In previous years, why did you pay storage? You paid farm storage because, with the limited elevator facilities, the limited elevator storage, you wanted the producer to assist in holding back this grain, so that there would not be a crowding of the facilities. But you had to have a continuous chain this year in order to handle the grain.

Q. Yes. It is true you wanted a continuous chain, but nevertheless there were several months during which you required the producer to hold a considerable quantity.

By Mr. Perley:

Q. Mr. McIvor, I think during this last season a great many farmers had to go to a very great expense in building new bins to provide for this storage. I cannot see why they could not have been encouraged. When the annexes that were built were filled, and they were kept full, and there was no demand on the horizon to indicate that they would not continue to be full this last year, I think it would not have hurt the board to have encouraged the farmer even to hold back for two or three cents a bushel instead of delivering his 8-bushel quota or his 5-bushel quota the first time. If he thought he could get storage, he could keep that back. He would earn a little money and he would not be interfering with you, or at least with your board's operations, because there was lots of wheat back in the country to keep the space filled at each point. I know farmers in my district—in fact, in my own case, I would have kept wheat back if I had thought I could have made three or four cents a bushel on it and not filled the space in the elevators in the town. Here is another point. When they announce the quota, all the elevators in any point announce that they now can take another 1,500 bushels of wheat. For instance, the other day in our own town they announced that they could take about 2,000 bushels; that is, when the quota was increased. There were about fifteen trucks landed at the elevators right off the bat, and some of them could not get back for a second load. Therefore they could not get their quota up to as much as they were entitled to, because there were so many there ready with trucks to fill the space. That is, the first run of trucks in the district practically filled the space that had been emptied by the cars the day before. So if a farmer had

been encouraged a little to get this storage and had been able to get it, I think there would not be such a rush to fill up the space as there is now.—A. Well, that is what we want. We want the space filled.

Hon. Mr. MacKinnon: It has not been filled.

By Mr. Perley:

Q. Who gains by that? The annexes are kept filled.—A. There is a physical job. Your suggestion is that we are endeavouring to benefit the elevator companies. I assure you that there is not any thought of that kind in my mind at all.

Q. There is no difficulty in getting the elevators filled all the time even if you do encourage the other fellow.—A. As I say, there is a physical job to do. That job can only be done by the efficient handling of the elevators, cars and terminals, and it cannot be done spasmodically. It has got to be a chain, as I said before, of constantly moving grain.

Q. If there was a scarcity of grain to fill your orders, there would be something to your argument.—A. There was, at some times, scarcity of some types to fill our orders.

By Mr. Henderson:

Q. It was a matter, largely, of transportation troubles?—A. Yes.

Mr. Perley: It was not lack of grain.

By Mr. Donnelly:

Q. You have there receipts from producers, 99,541,198-20 bushels. How much was other wheat, wheat received by other companies and sold to them? Can you tell us how much it was per month?—A. The total amount sold outside the board?

Q. Yes; and how much per month?—A. The total deliveries in 1941-42, I think are contained in this report: 227·9 million bushels, on page 4. I have not the monthly deliveries.

Q. I wanted to know whether it was because of the increased price of storage or the increased price on the open market to deliver to you during the months of February, March, April, May, June and July, that you did not get it or because of the bigger price being paid by the open market, that they were selling it to them?—A. Well, they were. That is the reason for the big reduction. It says in your statement that, "Farm storage payments in 1941-42 reflected the relatively heavy marketings previous to November 1, the higher prices for wheat marketed outside the board, and the smaller crop."

The Chairman: Of course, this statement with respect to storage here only starts from November 1; so that you had your deliveries earlier in the grain season that are not recorded in your farm storage statement.

The Witness: Yes.

The Chairman: There would be probably more than what you have there that you paid storage on.

Mr. Donnelly: No. That gives it there—previous to November 1, 55,000,000 bushels.

The Chairman: Oh, yes. It does give previous.

By Mr. Evans:

Q. With respect to feed grain to eastern Canada, was it possible for the eastern farmer to get a permit from your board to buy direct from the farmer in the west there, or did it all have to go through your board?—A. He could get a permit to ship direct, provided it was within the quota.

By Mr. Mullins:

Q. That is coarse grain, such as barley or oats?—A. Provided it was in the quota at the shipping point.

By Mr. Evans:

Q. It had to be entered in your quota book as delivered?—A. Yes. The point is this. We had a great many requests for above-quota shipments of coarse grains to eastern Canada. I will give you an illustration. There was one man who had a feed lot down in Quebec. He wanted to ship 45,000 bushels of barley from a farm that he had in the west. I leave it to you that you would be using up all your railway equipment in shipping grain above the quota, and leaving the man that had not delivered his grain within the quota high and dry, which I think is entirely unfair; the eastern demand should be supplied by within-the-quota grain, just the same as any other demand.

The CHAIRMAN: Would it be any advantage to a man to secure a permit and pay the market price for the grain and buy from an individual as against the board handling it right through?

Mr. MULLINS: That is, for the eastern trade?

The CHAIRMAN: Yes. That is for the eastern trade.

The WITNESS: That is a very complicated question. Under the freight assistance policy of the feed administration grain has to be cleaned to a certain standard due to some of the provincial laws, I think particularly in the province of Quebec. If you ship dirty grain down and the farmer takes the risk that he might not be able to obtain his freight assistance, in that case he would have a decided loss; he would be paying the freight himself so in a general way I think it is better to ship clean grain that comes within the provisions of the requirements of the feed administrator.

By Mr. Perley:

Q. Is there anything to prevent a farmer having his grain cleaned in local elevators?—A. No.

Q. And shipped to a farmer in Ontario?—A. Not as long as it is within the quota at his point.

Q. He gets the advantage of freight?—A. I understand he does; that is under the feed administrator.

Q. You do not know if anything like that was done at all?—A. I think so.

By Mr. Douglas (Weyburn):

Q. You mean, not within his quota but within the district quota?—A. Within the quota at his point, yes.

By Mr. Perley:

Q. You say here that the farmers were paid $648,000 for storage. Can you give us the amount paid to the grain companies for storage?—A. It is all in the report, Mr. Perley. Mr. Findlay will deal with it when he comes back again.

Q. You say the farmers were paid on 299,000,000. How much was marketed that year, do you remember?—A. 227·9 millions.

Q. I wonder if we can have what was paid for that 227·9 millions on the companies' account, just to make a comparison.—A. There is no way of getting at that. This is non-board wheat and has nothing to do with the board. That was wheat purchased by the elevator companies and hedged, not board wheat at all.

Q. You paid storage to the elevator companies on grain?—A. Not on that wheat, we did not pay.

Q. No, but grain; it was not paid on that but for a portion of the crop that went into the open market on that quota storage?—A. No.

Q. Went into annexes and elevators. You can give us that?—A. No.

Q. Why not?—A. It does not come within the purview of the wheat board. This is wheat marketed outside the board.

Q. You have paid storage on non-board wheat?—A. No, we have not paid any storage on that.

Q. To the elevator companies?—A. No; that is not wheat board wheat.

By Mr. Evans:

Q. But you paid storage on the first 99,000,000 bushels?—A. Yes.

Mr. DOUGLAS (*Weyburn*): Government wheat.

By Mr. Perley:

Q. To the farmers on which you paid storage.—A. The total amount of wheat delivered that year was 227·9 million bushels, of which 99,000,000 was delivered to the board. We paid the farmers storage on that 99,000,000 to the extent that you have in your account. In addition to that we paid storage to the elevator companies on the 99,000,000 after it was delivered to the elevator companies during the year, but the balance of it, that is non-board wheat.

Q. Can you give us a breakdown of what you paid to the elevators?—A. I would prefer you left that to Mr. Findlay. He is dealing with the accounts and I am quite sure he will be able to answer that question.

Mr. HENDERSON: I think Mr. McIvor has given us a very good explanation why we cannot expect to get storage this year. I should like to explain to him the reasons why when the quotas were given out certain stations were not filled. It was because when the quotas came out the roads were closed and the farmers could not possibly deliver. Another reason is this: a good many farmers prepared those open bins covered with temporary roofs and they could not afford to open up the roof until such time as the quota would justify the opening of the roof to move the wheat. That is one reason the wheat was not moved when there was apparent space at the local elevators.

The CHAIRMAN: Is there any further discussion on the matter of storage?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: What about the processing levy?

By Mr. Douglas (Weyburn):

Q. Would Mr. McIvor care to make a statement as to why it was repealed and what was the recommendation of the board to the government?—A. I would prefer not—after all, that is a matter of government policy, Mr. Douglas.

Q. I imagine the government acted on the recommendation of the board.

Mr. WHITMAN: That was the statement made by the government, was it not?

Hon. Mr. MACKINNON: At the moment, without looking into it, I could not make a statement. I am not just very sure, but I think we discussed it with the wheat board, but I do not think our action was necessarily acting on the advice of the wheat board at all.

By Mr. Perley:

Q. How much was the quota on that?—A. This is all in the previous year's report. I think we went into that last year.

The CHAIRMAN: The next one, measures relating to flax.

By Mr. Douglas (Weyburn):

Q. This is the only opportunity we will have to discuss this very important part of the government wheat policy of the year before. There was no oppor-

tunity in the house last year to discuss the repeal of this part of the government policy. Maybe to-morrow or some other time the minister will make a statement in regard to it.

Hon. Mr. MacKinnon: I am sure I have already made a statement.

Mr. Douglas *(Weyburn)*: As to when it was repealed?

Hon. Mr. MacKinnon: Yes.

Mr. Perley: Did the millers take much exception to it?

Hon. Mr. MacKinnon: I just forget the report.

The Witness: I do not think they did.

Mr. McNevin: Quite recently they discontinued across the line so I guess you are following suit.

Mr. Douglas *(Weyburn)*: They do a lot of things across the line; they do some lynching across the line, I have heard.

Hon. Mr. MacKinnon: We were not taking any advice from the millers, I can assure you of that.

Mr. Perley: Was there anything in the suggestion the millers advised their bakers to store up some flour in advance in the expectation that the price would be increased? In fact, I got it from one vice-president of one of the mills that they had instructed their bakers to store all possible flour they could before the processing tax would go on.

Hon. Mr. MacKinnon: I do not know their attitude—you are referring to the large millers?

Mr. Perley: Yes, the ones that control the bakers.

Hon. Mr. MacKinnon: I do know representations were made to us and we investigated and found out that the processing tax was putting bakers by the dozen out of business, putting them into bankruptcy.

Mr. Perley: That is interesting. The price of wheat was increased to 90 cents and the processing tax added to it, but even that would not make it as high as the price was in 1937, and there was no increase in the price of bread then.

Hon. Mr. MacKinnon: I can only give you the facts of the case.

Mr. McNevin: There is no question in the province of Ontario the baker that might be termed the local baker, apart from the subsidiaries of the very large marketing companies, was being crowded right out of business. I can name a dozen within 50 miles of where I live. That was the situation, and if it had been allowed to exist the large milling corporations with baking subsidiaries would have completely dominated the whole baking situation in the province of Ontario.

Hon. Mr. MacKinnon: I remember that I was given a list of a hundred bakers in one section of Ontario that were put out of business.

The Witness: I think, Mr. MacKinnon, the position was this, as I recall it: the government did not want an increase in the price of bread and the relation between bread and the wheat price plus the processing levy was just too much of a squeeze on the bakers and there were dozens of them going out, as I recall it.

Mr. Douglas *(Weyburn)*: That seems a difficult thing to substantiate unless we can get some figures on it, Mr. Chairman, because the same millers had paid up to as high as $1.40 for wheat in 1937 and that did not affect the price of bread and did not seem to drive very many bakers out of business. Wheat is now selling for around $1 and there is no question of them going out of business. Now you have a price ceiling, remember, which you did not have then, and there was nothing then to prevent the people from putting up the price of bread if it was necessary. It seems to me we ought to have some more information as to exactly the relationship between the price of bread and the price of flour and the price of wheat. If I remember correctly, it takes about 44 loaves of bread—

Hon. Mr. MacKinnon: You are talking theory; the actual result of the processing tax made it impossible for dozens and dozens of small bakeries throughout the country to stay in business.

Mr. Mullins: Throughout the whole country?

Hon. Mr. MacKinnon: Yes, all throughout the country. I know I have lists in my files of at least a hundred in one part of Ontario. Now, that is the actual result of the condition, plus the processing tax.

Mr. Perley: I did not hear of any complaints in western Canada from the local bakeries.

Hon. Mr. MacKinnon: We had delegations down here from all over Canada.

Mr. Perley: From western Canada?

Hon. Mr. MacKinnon: From western Canada too, large bakers, all from western Canada, were down in full strength and from Vancouver; and as a matter of fact they were down just at the time of that fatal aeroplane accident out of Winnipeg when one or two bakers were killed in that wreck.

Mr. McNevin: I may say that there were delegations down from the section I represent interviewing the minister and also making representations to private members to use their influence.

Mr. Henderson: Is it not a fact that the bakers in the maritimes asked to be removed; so far as they were concerned they became exempt and Quebec and Ontario pleaded for it and they were joined by the western bakers as well?

Mr. Douglas (*Weyburn*): The minister says it is talking theory. There is no theory about the fact that in 1937 the millers paid $1.40 for wheat and nobody seemed to be hurt; there is not much theory about that.

The Chairman: Are there any further comments with respect to this?

The next statement is: special measures regarding flax-seed and so forth.

By Mr. Wright:

Q. What was the total flax crop in Canada?—A. I think I have the flax position. The estimate of production was 14,700,000 bushels, allowance for dockage 1,440,000, marketable crop 13,230,000.

Q. We have crushing capacity in Canada for approximately— —A. I think I can give you all these figures: marketing to May 14, 1943, 10,894,000 bushels, leaving a balance on farms of 2,335,000 bushels; 1943 estimates seed requirements, 1,300,000 bushels, estimated balance to be delivered, 535,000 bushels.

By Mr. Perley:

Q. Mr. McIvor, when you had control of all the flax you suspended trading operations, why was that necessary?—A. Well, it was necessary for certain reasons, Mr. Perley. One was that we had to freeze the flax in Canada at the existing price at that date, which was $1.64, had to make sure that the flax did not move out of the elevators and be delivered at $2.25 the following year, which was the fixed price the following year.

By Mr. Douglas (Weyburn):

Q. You had the same situation in regard to wheat when you changed the price from 70 cents to 90 cents?—A. Yes.

Q. Why didn't you follow that policy?—A. The position was a little different. The wheat price, the 90 cent price, was just merely a readjustment from the lower price so that there would not be any unwarranted profits in the adjustment to the new and higher level.

By the Chairman:

Q. You took over all flax, too, didn't you?—A. Yes.

Mr. DOUGLAS (*Weyburn*): That is not the point. You made an adjustment so there would be no profits as between 70 and 90 cents. In the case of flax which was $1.64 you stopped trading altogether on it. I am at a loss to understand why you stopped trading on flax and continued trading in wheat?

The WITNESS: The price of flax in Canada was fixed in relation to the product of the flax at $1.64.

By Mr. Douglas (Weyburn):

Q. Fixed on the market?—A. Yes, at $1.64. Flax had to be supplied to the Canadian crushers at $1.64 so the product of the flax could be sold within the ceiling price.

Q. The government was subsidizing the balance?—A. That is right.

By Mr. Wright:

Q. They are continuing to do that?—A. The board are paying $2.25 for flax and selling flax in Canada at $1.64.

Q. How much are they exporting? There must be a considerable proportion of it exported because there are over 10,890,000 bushels grown and we only have crushing capacity for a little better than 5,000,000 bushels.—A. The requirements in Canada will be about 6,000,000 to 7,000,000 and the exports should run somewhere around 4,000,000.

Q. The profits made on the exports will be written off against the deficit?—A. They will not be as large as the deficit.

Q. No, they may not.

By Mr. McNevin:

Q. You deal with the minimum prices for barley and the minimum prices for oats, and then you go on over to the maximum prices of grain and the board's responsibility; that includes coarse grains, of course?—A. Yes, sir.

The CHAIRMAN: May we finish up with flax?

By Mr. Perley:

Q. Mr. McIvor, in connection with the last sentence about open trades were you short or long, and if you were long to whom did you sell?—A. What do you mean, were we short?

Q. It says open trades were closed out. You would be either short or long.

By the Chairman:

Q. You were not handling flax?—A. Mr. Perley means open flax was taken over by the board.

By Mr. Perley:

Q. All right, then; at what?—A. At $1.64.

Q. You did not have any trading?—A. No.

Q. You took over all the flax?—A. That is right.

By Mr. Wright:

Q. Referring to flax your statement would indicate the farmers themselves are paying this bonus as far as subsidizing the price of flax to the crushers is concerned?—A. In what way?

Q. Because the profit being made on what is exported is being used to pay off— —A. The flax account would show a loss over all. What the government have done, through the board they are paying $2.25 for flax and that flax that is sold in Canada is sold at $1.64. That is the biggest portion of the flax sales.

By Mr. Douglas (Weyburn):

Q. Before you go on from there, Mr. McIvor, through what branch of the government is that subsidy paid? Is it the wartime prices and trade board?—A. No, the Finance Department authorize us, or the government authorize us, to pay $2.25 for flax to producers. At the same time they instruct us to sell flax in Canada at a price that is appropriate to the sale of the finished products, and the meal and the oil, and that price is $1.64.

Q. As to all this flax you sell outside Canada on which there is a profit you apply that profit against the deficit, which deficit is due to the fact that the government is subsidizing the crusher to give him cheap flax?—A. I do not know that I quite agree with your last statement.

By Mr. Wright:

Q. That is the way it appears to us, anyway.—A. It may, but here is the position. I appreciate your frankness, Mr. Wright, in regard to the matter, but the position is that the farmer in western Canada is being paid $2.25.

Q. When he might be getting $2.75 if the market in the United States was open?—A. That is another angle to the thing, but he is being paid $2.25 fixed price for all the flax he produces in Canada.

By Mr. Douglas (Weyburn):

Q. Where could the Canadian crusher get flax for $1.64 if he had to go into the markets of the world?—A. He probably couldn't, but on the other hand I am quite sure he would not sell his oil and meal at the price it is being sold.

Q. Somebody is being subsidized, either the crusher or the people who get the cheap meal.

Mr. McNevin: At the time the government took over and made the arrangement to pay a subsidy the price of flax was around $1.64 in the dominion of Canada, and as far as retailing of the by-products of flax was concerned that was all tied in with the policy of supplying concentrates to the Ontario farmer within a price level which is very essential, yet not at the expense of the flax grower but at the expense of the government.

Mr. Wright: Not in this case.

Mr. Douglas (*Weyburn*): Any surplus that comes from export of flax is turned over to help meet the deficit.

By Mr. Evans:

Q. What is the duty on the price of flax?—A. 32½ cents.

By Mr. Donnelly:

Q. What is it across the line now?—A. The last Minneapolis price was around $3. I do not know what it is to-day.

Mr. Fair: That $1.64 does not represent anywhere like a proper price, but it would be in line with the government's policy to keep prices where they belong.

The Witness: $1.64 is the ceiling price. Putting it briefly this is the situation; the government at the outset of last year through the wheat board advised growers of flax they would pay $2.25 for flax they grew and that any loss would be paid from the consolidated revenue fund.

Mr. Ross (*Souris*): With regard to any flax they export to the United States what becomes of that extra price? Does that not go to offset any loss you have got?

Mr. Douglas (*Weyburn*): That goes into the consolidated revenue fund.

The Witness: Yes, but it will not offset the loss.

Mr. Ross (*Souris*): As far as possible it is supposed to offset the loss.

The WITNESS: It goes into the fund.

Mr. DOUGLAS (*Weyburn*): It is subsidizing somebody so he can get cheap flax.

Mr. Ross (*Souris*): In contrast to what Mr. McNevin said the producer is absolutely subsidizing part of the price structure.

Mr. MCNEVIN: He is not. We are back to the point that Mr. McIvor dealt with extensively as far as wheat is concerned. Over in the United States in Buffalo a haircut is 75 cents and a shave is forty cents. We are getting into a discussion of comparative prices, and we should take into consideration what a dollar will buy in the United States as compared to what it will buy here.

Mr. Ross (*Souris*): But the producers' flax which is sold in the United States, the difference goes into this pot to make up this difference.

Mr. MCNEVIN: The price of flax in Canada was substantially raised when the government agreed to pay $2.25. Flax was not bringing that price in Canada at that time on the open market. That is the point.

By Mr. Wright:

Q. Is there any particular reason why this money that is made on the flax that is exported should not be placed in an equalization fund the same as the money made on the coarse grain to be paid out to the flax growers?—A. Remember this, on the equalization fund on the coarse grains that is a net profit. Whatever is paid on the coarse grains is a profit. This flax fund will show a loss.

Mr. DOUGLAS (*Weyburn*): I think a point that would be worth the board's consideration, or possibly representations might be made by this committee to the minister for consideration, is that the difference between $1.64 and $2.25 is a subsidy that ought not to be paid out by the wheat board. It ought to be paid by the wartime prices and trade board who are already paying millions of dollars in subsidizing certain industries in order that processors can get their raw materials at the same price they were getting them before, and that any profit that goes to the producer from grain which is exported and sold on a foreign market at a higher price ought to come back to the producer rather than to go as it is going now to subsidize cheap raw material for producers.

Mr. DONNELLY: If we are going into that question we are going into a question of policy and we would have to take into consideration the payment of $2 an acre taken out of wheat. That would have to be added on to the price of flax as well that the farmer gets.

Mr. Ross (*Souris*): It is not added on.

Mr. DONNELLY: Sure it is; he gets $2 an acre on flax for taking it out of wheat and putting it into coarse grains.

By Mr. McCuaig:

Q. Is there a quota on the amount of flax sent to the United States?—A. No. I think, Mr. Chairman, this is getting a little beyond my field. It seems to me here is the position as I see it. The government in order to increase the production of flax took two steps. One, they froze flax at that time at $1.64 which enabled many producers to buy their seed at $1.64 and seed the crop of last year. Two, they made a contract with producers they would pay $2.25 for flax to increase production. They also stated at that time—it is stated in the order in council—that it is the intention to sell flax in Canada at the appropriate price and to sell any surplus to the United States at whatever the market price is there, less the cost of getting it there.

By Mr. McNevin:

Q. That $1.64 would represent approximately the price of flax at that time in Canada?—A. It was the price.

Mr. McNevin: That is what I maintain.

The Chairman: Any further questions on flax? Carried. We will proceed to the next section then. Any comments on eastern division, the bottom of page 7? Advisory committee; we had quite a discussion on that this morning.

Mr. Douglas (*Weyburn*): Do not leave the eastern division. These eastern chaps have felt we have monopolized it so much.

Mr. McNevin: The situation so far as Ontario is concerned is that it is more or less in the same position as durum wheat in western Canada. There is a market in excess of the demand and therefore the price is higher than the set price so I do not think there is any necessity to waste time discussing it when it is not operative in the province of Ontario for this crop year at all.

Mr. Evans: There was a payment made though on the 1941-1942 crop.

Mr. Perley: Did they not get participation on that?

Mr. McCubbin: There was nothing paid in 1942 or 1943.

By Mr. Donnelly:

Q. Has anything ever been paid in the eastern division?—A. Yes. What happened in 1941-1942 and 1942-1943 was that the price of Ontario wheat was so much higher than the guaranteed price that the government instructed the board not to handle wheat unless the price went down to the board price. The reason for that was that we did not want to be handling a little dribble of wheat and having all the expense of handling it when the price was so much higher. There was no board wheat handled in 1941-1942 or in 1942-1943. There was board wheat handled in 1939-1940 or in 1938-1939, on which a payment was made.

By Mr. Douglas (Weyburn):

Q. How much?—A. I do not just recall that, Mr. Douglas.

Q. Accounts for the east and the west were kept separately?—A. Yes. It is in our previous board reports.

Q. But only one payment was made?—A. Two payments have been made.

Q. No payments have ever been made in the west?—A. No.

By Mr. Perley:

Q. How much a bushel?—A. It was 2 or 3 cents a bushel, as I recollect.

By Mr. Ross (Souris):

Q. What is most of the eastern wheat used for?—A. Pastry flour.

Q. Practically all pastry?—A. Yes.

By Mr. Tustin:

Q. Do you handle any Ontario wheat at higher than board prices?—A. No.

Mr. Chairman: Can we proceed to the next section? Is there any further discussion with respect to the advisory committee? You will recall that we had considerable discussion on that this morning.

Mr. Perley: We are going to get some statements tabled in respect to that, are we not?

The Chairman: Yes, they agreed to table that information.

By Mr. McCubbin:

Q. Is there any member from Ontario on that advisory board?—A. Yes, Mr. Fred Pettapiece of Ault, Ontario—that is up near Chatham, I am informed.

Q. What are his duties on the board?—A. Well, in the old days when we handled Ontario wheat of course he was very much interested in that. Now, I might say that Mr. Pettapiece is one of the best members of our advisory committee.

Q. Thank you.—A. He is a very fine man and takes a very great interest in the work of the board; and, as a matter of fact, he brings in the eastern viewpoint to a board that is entirely composed of western men, apart from one other; I think he has had a tempering influence at times on some of the western members of the advisory committee.

Mr. McCuaig: He would not have very much of a chance to do that, would he?

The Witness: Well, he does pretty well.

Mr. McNevin: I see that you have a minimum price on barley and oats; that on No. 3CW oats it is 42 cents and on No. 2CW barley it is 43 cents; there is also a maximum price—do you know that off hand?—A. It is 51½ on oats and 64¾ on barley.

Q. That is on the basis of Fort William?—A. Yes.

The Chairman: Those prices were set out in the order in council setting up this provision. I am sorry we have not got them here. Any members of the committee who may want it may have it, but I did not bring it down with me to-day.

Are there any further questions regarding the marketing of barley and oats? I thought some of these Ontario and Quebec members might be particularly interested in this respect.

Mr. Whitman: We are interested in passing the report.

By Mr. Perley:

Q. Was it expected that the board would take all of the oat crop in western Canada?—A. I said, within the limits of transportation, that we hoped delivery could be made.

Q. Is there any guarantee that they would do that before the end of the crop year?—A. No, we are doing the best we can and we are making great progress at the present time and hope to continue.

By Mr. Wright:

Q. There is a market available for the oats providing you get the transportation?—A. Yes.

Mr. Ross *(Souris)*: I think the idea was to go through this report before we asked Mr. McIvor to make a statement with respect to the export of coarse grain and its handling?

The Chairman: I think we might just as well deal with it right here.

By Mr. McNevin:

Q. Before we leave this part of it, with respect to this maximum and minimum price; would that be in effect again this year or is there any change? —A. No change this year, the price is that which existed during the base period.

Mr. Ross *(Souris)*: Mr. Gardiner made the statement the other day in the house that it would be on the same basis this year as last.

By Mr. McNevin:

Q. You said the price was 51½ on No. 3CW oats?—A. No. No. 2CW was 51½.

Q. No. 2CW?—A. Yes, it was 3CW in barley.

By Mr. McCubbin:

Q. How do you regulate prices in Ontario where you get a mixture of oats with some wheat; how do you arrive at the market price on it; how do you know what grade it is?—A. That would be what is commonly known as mixed grain; and the price of the oats would be the maximum of 51½ cents, and on the wheat it would be the market price for that particular grade, whatever it was, probably it would be low grade.

Mr. FAIR: But oats are permitted to contain up to 12 per cent wheat.

The WITNESS: Yes.

Mr. MCCUBBIN: A lot of grain comes into the country which is oats with a lot of wheat in it.

The WITNESS: That would be mixed grain—probably No. 2 feed oats or No. 1 feed oats.

Mr. MCNEVIN: There is a certain amount of wheat in all kinds of feed oats.

The WITNESS: Surely.

The CHAIRMAN: Mr. Wright was asking a question with respect to the equalization fee in connection with the export price of both barley and oats. Perhaps we could deal with that now under this same heading.

Mr. ROSS *(Souris)*: And explain exactly how it is handled and how it is to go back to the producers who are entitled to receive it.

The WITNESS: I think, Mr. Chairman, as this is an important matter I should read a statement put out by the board. It is a little long but I believe I should read it to the committee.

The CHAIRMAN: I think it would be well to get it down clearly so it will be generally understood.

The WITNESS: This statement was issued on the 15th of April:

> On Tuesday, April 6, 1943, the Hon. James A. MacKinnon, Minister of Trade and Commerce, made an announcement in the House of Commons outlining the government's policy in connection with the export of coarse grains.
>
> In his statement Mr. MacKinnon advised that in the opinion of the government it was necessary for the price ceiling on oats and barley to be maintained in order that these grains could still be marketed in the Canadian domestic market at prices in accordance with the national price control policy. Mr. MacKinnon further stated that to the extent that coarse grains can be exported at prices above our ceiling levels, the government had sought to develop a workable basis which would give producers who sell coarse grains the advantage of any higher export prices on the coarse grains that are actually exported. To implement this policy the Canadian Wheat Board has been instructed to set up two special funds into which equalization fees for oats and barley, respectively, will be paid. These funds, in turn, will be distributed at the end of the crop year on a pro rata basis to the western growers who deliver these grains in the period, April 1 to July 31. By this method growers who sell their oats and barley will receive in effect a combined price which reflects the domestic price on that portion of their sales which has been disposed of in the domestic market and the export price on that portion which has been disposed of in the export market.
>
> To implement these governmental policies, the following instructions, dealing with the issuance of export permits and the collection of the equalization fees, are now effective. These instructions may be varied or revised if at any time the Canadian Wheat Board considers such action necessary.

1. All permits covering the export of oats, barley, rye and flaxseed (western grain grades only) to the United States will be issued by the Canadian Wheat Board. This regulation applies to the above grains whether in their natural state, as well as ground, pulverized, crimped, crushed, or similarly processed.

2. All permits covering the export of oats, barley, rye and flaxseed to countries other than the United States will still be issued by the export permit branch, Ottawa.

3. Export permits presently outstanding, which carry an expiry date of May 31, 1943, will not be extended.

4. Permits issued by the Canadian Wheat Board will be issued to expire July 31, 1943.

5. As in the past, a separate fee of $2 for each application in excess of $100 payable to the Receiver General of Canada, must accompany each application.

6. When submitting applications covering shipments to be made in partial lots, the applicant must state the name of his nearest collector of customs, or the customs office at which he wishes to have his partial shipment forms or export entry forms validated, in order that partial shipments may be made in accordance with usual partial shipment procedure.

Equalization Fees on Oats and Barley

7. The Canadian Wheat Board will determine the daily equalization fee to be charged for oats and barley. The daily fee for each day's permits, Monday to Friday, will be determined by 2.30 p.m. Central Daylight Saving time, and on Saturday by 1 p.m., and information as to the daily equalization fee can be secured from the board's offices at Winnipeg, Vancouver, Calgary, Toronto, or the office of Wm. H. Johnson, Jr., Montreal, at that time.

8. The daily fee will remain in effect until 1.30 p.m. central daylight saving time the following market day, Monday to Friday, and until 12.30 p.m. Saturday, and in order to secure export permits, it will be necessary for the export applications to be submitted to any of the board's offices prior to that time. The board reserves the right to change this basis at any time by giving the companies twenty-four hours' notice.

9. No person will be allowed to apply for export permits for any one kind of grain in quantities in excess of 100,000 bushels each day at the daily equalization fee. If larger quantities are required, the board will consider applications on their merits, but the equalization fee on these amounts may be varied at the board's discretion.

10. When making application for an export permit, in addition to the $2 fee, a certified cheque payable to the Canadian Wheat Board must be attached covering the value of the equalization fee for the exact number of bushels covered by the application, figured at the daily rate in effect at the time the application is received at the board's office, or at the rate previously arranged with the board under clause No. 9.

11. The Export Permit Branch, Ottawa, which will be issuing the export permits covering shipments to countries other than the United States, will also be in a position to advise exporters the daily equalization fee (western grain grades only) and in cases where western grain is being exported will issue the permits on the definite understanding that the equalization fee will be remitted at once to the Canadian Wheat Board, Winnipeg.

12. Each export application is to be confined to one kind of grain only.

13. Export permits may not be transferred between companies.

14. Once an export permit is applied for, approved, and the equalization fee collected, it cannot be cancelled, and the board will not refund the equalization fee collected, even though the applicant later decides not to export the grain. The board will, however, arrange to adjust the equalization fee in connection with over or under shipments, subject to the tolerance allowance as provided for in export permit regulations (refer amendment No. 22 to regulation No. 20, now renumbered regulation No. 19, issued March 13, 1943).

15. It will be necessary for exporters, when completing export entry forms (B.13), covering shipments being completed on new permits issued by the board, as well as shipments being completed on old permits previously issued by the Export Permit Branch, Ottawa, to prepare an additional copy, which is to be certified correct by an official of the company and forwarded immediately to the Canadian Wheat Board, Winnipeg, for the attention of Mr. J. F. Fraser. These forms will be used to determine the actual quantity of grain exported and as a basis for any adjustment of the equalization fee that may be necessary. The number of the export permit on which the shipment is being applied must be clearly shown on the form (B.13).

By Mr. Perley:

Q. Is there any possibility of a producer securing a permit and shipping to an American firm?—A. Yes; if he pays his fee.

By Mr. Wright:

Q. How do you work out the equalization fee?—A. We have daily postings on the market at the points of export where the grain is exported. We figure out the cost of moving the grain, and fix the fee accordingly.

Q. Have you any objection to tabling, and putting it on the record, exactly the method that you use?—A. No.

The CHAIRMAN: At that point, Mr. McIvor, might I ask if the equalization fee is not likely to be changed from one day to the other?

Mr. WRIGHT: Oh, yes. But they must use some formula.

The CHAIRMAN: Oh, yes. You want the items that go into making up the fee?

Mr. WRIGHT: Yes.

The CHAIRMAN: Very well.

The WITNESS: Well, the method is a very simple one; at least, it is to us.

By Mr. Wright:

Q. I think it should be in the committee's record of proceedings, so that we will be able to have it.—A. For example, each day we get advices of the price of grain at Buffalo, which is the eastern point where most of this grain, the lake grain, moves. Then our sales manager knows the costs every day and he figures out the exchange—that is, the American exchange, which is approximately 10 per cent. He takes the Buffalo price and he deducts from that price the cost of shipping, including insurance, lake freight and the costs of loading. Then he compares that price with the spot price at the lake head, and arrives at the basis of the equalization fee.

Q. But in some cases in this country the cash price of grain is often out of line with the— —A. The option or future?

Q. Yes, the option price. Which do you use?—A. The cash price.
Q. You use the cash price?—A. Yes. That is the actual grain.
Q. That makes a difference—A. Yes.

By Mr. McCubbin:

Q. What duty is there upon grain?—A. It depends entirely on the grain. What is the duty on oats and barley, Mr. Wilson?

Mr. C. F. WILSON: The duty on oats is eight cents in American funds. It is an American duty. On barley, it is fifteen cents per bushel.

Mr. MCCUBBIN: How would you work out mixed grain, or is that mixed grain, straight oats or straight barley?

Mr. WILSON: Straight oats is eight cents; straight barley is fifteen cents.

Mr. MCCUBBIN: You do not know about mixed grain?

Mr. WILSON: I do not have any.

The WITNESS: They would not be buying mixed grain.

By Mr. Ross (Souris):

Q. Mr. McIvor, I am not just clear yet as to how this goes back to the producer. Suppose Mr. Wright sells his grain on the open market and I sell it to one of these people. Do we all share alike, all the producers?—A. Yes. The total amount that will be collected in the prairies, for example, or on eastern shipments, will be pro-rated over the deliveries and sales that have been made between the 1st of April and the 31st of July.
Q. All sales in Canada to any grain company?—A. Yes.

By Mr. Perley:

Q. That would just apply to this last crop?—A. Yes.
Q. So far?—A. Yes.

By Mr. Douglas (Weyburn):

Q. How would it be paid back? You have a record of every sale?—A. The elevator companies have a record of the deliveries, the cash tickets that have been made out, and those records will be made available to us.

Q. There will be a sort of participation certificate, even for those who have not sold to the wheat board?—A. There is none of that sold to the wheat board.

Q. To people who are not normally dealing with the wheat board, but to people who are selling in the open market, you will be giving a sort of participation certificate?—A. Yes.

By Mr. Ross (Souris):

Q. Every grain company in Canada reports purchases to you?—A. Yes. The matter has been discussed already with the representatives of the producers companies and the other companies and they are going to arrange to give us the names of those that deliver and the quantities.

By Mr. Perley:

Q. Is any of that going from the lakes?—A. Yes.
Q. Do American vessels come up there? Are they permitted to come for it?—A. Yes. American vessels are very scarce, but they are sending some up to pick up this grain.

By Mr. Fair:

Q. How long after the end of the crop year will that redistribution be made or the distribution of the surplus?—A. Well, it cannot be made until the grain that has been delivered in that period has all been sold. I do not know how long it will be. I hope it will be soon after the end of the crop year.

By Mr. Wright:

Q. What was the equalization fee on the 1st of June?—A. The 1st of June?

Q. Yes.—A. I am sorry, I do not know. I could find out for you. I do not know what it was.

By Mr. Douglas (Weyburn):

Q. Is there anything else that enters into it? Take the man who is exporting. You take the price at Fort William?—A. Yes.

Q. Cash wheat?—A. Cash oats and barley.

Q. There would be added to that these things. You take the price at Buffalo?—A. Yes.

Q. In Canadian funds?—A. Yes.

Q. And then you reduce that by subtracting from the Buffalo price in Canadian funds the cost of shipping, and insurance. Would there be anything else? Is there any allowance made?—A. Yes.

Q. That is, you allow for normal profits?—A. Their normal profits are allowed.

Q. How is that worked out? Is there a percentage?—A. No. I might say also to the committee that as soon as it was possible after this policy was announced, our sales manager made a trip to the United States, including Buffalo, and arranged to get daily postings, direct, on what the markets paid at those points. He makes a calculation as to what he thinks is a normal profit and the equalization fee is based on the difference, less that calculation.

Q. How is that profit arrived at? He must have some standard basis so as to apply it to all cases.—A. It depends entirely; it does not apply equally to all cases, because there is a variation in the amount of service there is in the handling of this grain.

By Mr. Perley:

Q. There is a service charge?—A. No, there is no service charge.

Q. Commission has to be taken into consideration?—A. It is not commission, it is what I call normal profit. For example, malting barley is much more difficult and more expensive for a company to handle than feed barley; sometimes some of this grain requires to be specially binned, and all of that has to be taken into consideration.

By Mr. Douglas (Weyburn):

Q. When I said you would not handle all cases alike, I did not mean all grains alike, I meant if half a dozen different exporters called the office in the same day and wanted to export barley, let us say, the fee would be the same for each of them?—A. That is correct.

Q. There must be some standard basis on which they work out what the profit will be for barley?—A. He calculates what he figures would be a normal profit under normal conditions.

Q. What would that be on barley in any one day?—A. It would vary according to the amount of work that the company would have to go through in the handling of that particular grain. Some of it is very simple and others are quite complicated; it probably would vary from half a cent to a cent and a half on barley, oats probably the same.

Q. I do not follow Mr. McIvor, Mr. Chairman. You said the equalization fee would be the same in each of these half dozen cases; the amount of work would be the same in each of these half dozen cases; the amount of work each firm may do may vary.—A. Yes, I agree, but it would be the same for malting barley one company to another; it would be the same for feed barley one company to another; the same for oats one company to another, depending on the—

Q. Yes. Can we take a specific case of oats or malting barley or feed barley and get a breakdown of what the price was at Fort William, say, on the 1st of June or what the price was at Buffalo and how the spread in between was divided, how much went to equalization, how much went to transportation, and how much to insurance, and how much in the handling charge was profit?—A. Yes, I can get that for you.

The CHAIRMAN: I think that would be a desirable statement to have on the record.

The WITNESS: I am sorry I have not it now.

Mr. DOUGLAS (*Weyburn*): Perhaps we could have it to-morrow.

By Mr. Perley:

Q. Firms buying in the country would calculate everything they did on a cash price with these figures?—A. No.

The CHAIRMAN: No, they would not buy above the ceiling.

The WITNESS: They cannot buy above the ceiling; that is when grain is sold at the lakehead.

By Mr. Perley:

Q. It fluctuated a little; the price fluctuates a little from day to day?—A. Mostly that is grain that is very close to the ceiling.

By Mr. Douglas (Weyburn):

Q. How soon after a man gets the permit must he ship that particular load of grain for which he gets the permit?—A. It depends on the terms of the contract. He may be fortunate enough to get a boat and ship immediately or he may have to carry it for a month before he can get a boat.

Q. If the price varies in the meantime what then?—A. It is fixed because he has made his sale; the sale has been made in accordance with the particular terms.

Q. The sale is already made at the time the equalization fee is paid?—A. Yes.

Q. Did I understand you to include flaxseed?—A. There is a demand for flaxseed.

Q. You are not permitting flaxseed to be exported now?—A. Yes, we are permitting the export of flax, but it does not come under the equalization fee; that is direct sale by the board.

Q. You are not permitting private exporters to export flaxseed?—A. No.

Mr. EVANS: Oats and barley are the only ones that come under the equalization fee?

The WITNESS: Yes.

The CHAIRMAN: There were a good many farmers near the boundary who trucked their own grain across or arranged to have it trucked across the line and sold in the United States. Would there be a different arrangement relating to the issue of a permit than would be the case in ordinary trade practices?

The WITNESS: No, they have to get a permit the same as anybody else.

By the Chairman:

Q. What about the prices in the different markets in the United States? You mentioned Buffalo. Do you get a similar price there or is it a relative price, with places like Chicago or some other place, and if there is a difference between the two prices how do you handle your permit?—A. The Buffalo price presently is higher than the price of grain going into the middle west. We have to use both outlets; within the limits of transportation we are allowed as much grain as we can handle in American cars to go across the line to the middle west; we also arrange for as much to be loaded as possible on freight boats to the lakehead; but there are two equalization fees and the Buffalo fee is higher than the middle west.

Mr. PERLEY: Mr. Chairman, may I suggest if we are through with this subject that we adjourn now? Some members have letters to sign and the staff goes off at six.

The CHAIRMAN: Well, I am grateful to you for your attendance this afternoon.

Mr. DOUGLAS (*Weyburn*): Before we leave that maybe Mr. McIvor would want to give us some further information on the equalization fee. There is a good deal of interest in it, as to how much money has come in. It may be that he would prefer to leave that until we are discussing this year's account.

The WITNESS: I feel that should be left to this year's account.

The CHAIRMAN: We shall adjourn now to meet to-morrow afternoon at 4 o'clock.

The Committee adjourned at 5.45 p.m. to meet to-morrow at 4 o'clock p.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

WEDNESDAY, JUNE 9, 1943

Reference

REPORT OF CANADIAN WHEAT BOARD FOR CROP YEAR 1941-42

WITNESSES:

Mr. George McIvor, Chairman of the Canadian Wheat Board.
Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

WEDNESDAY, June 9, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4.00 p.m. The Chairman, Mr. W. G. Weir, presided.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Blair, Cloutier, Donnelly, Evans, Fair, Ferron, Fontaine, Furniss, Gardiner, Golding, Gregory, Henderson, Lafontaine, Leader, Leger, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Nielsen (*Mrs.*), Perley, Rheaume, Rickard, Ross (*Souris*), Soper, Weir, Whitman, Wright.—28.

In attendance: Mr. George McIvor, Chairman, Mr. R. C. Findlay, Comptroller, and Mr. Clive Davidson, Statistician, all of the Canadian Wheat Board.

Minutes of the previous sitting were read and, on motion of Mr. McCuaig, adopted.

Mr. McIvor was recalled and further examined on the Report of the Canadian Wheat Board, crop year 1941-1942.

Mr. Findlay was also recalled and further examined on the said Report.

The Committee having concluded its consideration of the Report, a vote of thanks and appreciation was extended to members of the Canadian Wheat Board, on motion of Mr. McNevin, seconded by Mr. Perley, and the witnesses were discharged.

It was agreed that the Steering Committee draft a report on the Committee's inquiry into the Report of the Canadian Wheat Board, said report to be submitted to the Committee at a later date.

On motion of Mr. Golding the Committee adjourned until to-morrow, June 10, at 11.00 a.m., when the Steering Committee will report on procedure in connection with future sittings of the Committee.

R. ARSENAULT,
Acting Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 9, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4 o'clock p.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: If the committee will kindly come to order we will proceed.

GEORGE McIVOR, recalled.

The CHAIRMAN: Yesterday we were dealing with the equalization fee in connection with the sale of coarse grains to the United States. I think Mr. McIvor had proceeded part way through the discussion of that matter. Perhaps we should continue from there to-day. Will that be satisfactory to the committee?

Mr. WHITMAN: Page 10.

Mr. MCNEVIN: Page 11.

The WITNESS: It is not in the report.

The CHAIRMAN: It is not in the report but it arises out of the 1942-1943 programme on pages 8 and 9. May Mr. McIvor then continue? Very well.

The WITNESS: Mr. Chairman, before we adjourned last night Mr. Douglas asked me to get the break-down of the figures and costs for the movement of coarse grains to Buffalo and to the middle west. Is it your wish I should read this wire? I have the figures here, Mr. Chairman.

The CHAIRMAN: I think the committee would desire to have that information placed on record. These are the details of how the equalization fee is made up when the shipper comes forward to secure a permit for the right to ship grain to the United States.

The WITNESS: "The following are the figures re equalization fee on oats on June first"—June 1st, I might say, was the date that Mr. Douglas asked for the break-down—"destination Eastern American lake ports; cost oats 51½ store Fort William."

By the Chairman:

Q. That is the ceiling price.—A. Yes.

Lake freight 6c, lake shippers charges regular insurance war risk insurance etc 2c, carrying charges customs fees etc 1½c, total 61c; plus 6½ equalization fee, totals 67½, against sales 68¼ CIF Canadian funds bonded stop for June 7 same costs totalling 61 as above, plus equalization fee totals 71 against 71½ CIF Canadian funds bonded stop June first destination Minneapolis area; cost cash oats 51½ basis Fort William freights paid plus 6½ additional freight Minneapolis, plus 1½ diversion premium, 1c charges, ½c loss in weights and discounts for offgrades, totals 61 plus equalization fee 4c, equals 65 against 66½ Canadian funds in bond on track Minneapolis stop for June 7 same costs total 61 plus equalization fee 7c, totals 68 against 68¼ Canadian funds in bond on track Minneapolis stop for barley destination eastern US lake ports June 1 costs cash barley 64¾ in store Fort William, plus 6¼ lake freight, plus 2c lake shippers

charges etc, plus 1½ carrying charges customs fees etc, totals 74½ plus equalization fee 5½, total 80 against 81 CIF Canadian funds bonded stop for June 7 same costs totalling 74½ plus equalization fee 10c equals 84½ against nominal quotation 86 CIF Canadian funds bonded but was no actual bid this grain that day stop June first destination Minneapolis area, cost cash barley 64¾ basis Fort William freights paid, plus 8¼ additional freight to Minneapolis plus 1½ diversion premium, plus 1c charges, totals 75½ plus equalization fee 3c equals 78½ against 79¼ Canadian funds in bond on track Minneapolis stop for June 7 same costs totalling 75½ plus equalization fee 7c equals 82½ against 83 Canadian funds in bond on track Minneapolis.

By Mr. Perley:

Q. What would you indicate to the committee from that to be the amount paid?—A. The total amount?

Q. Yes.—A. I do not know.

Q. What would be the distribution?—A. I do not know what it would be.

Q. Have you any idea?—A. No.

The CHAIRMAN: There is a difference there of several cents a bushel in one week's time.

Mr. DONNELLY: Is that freight on oats from Fort William down to Buffalo?

By Mr. Perley:

Q. What is the lake freight that you mentioned?—A. The lake freight on oats is 6 cents.

By Mr. Donnelly:

Q. That is very high, is it not?—A. The barley freight was—

Mr. PERLEY: Was 4 cents.

Mr. DONNELLY: No, 6 cents.

By Mr. Perley:

Q. That is a pretty high freight rate?—A. The bulk of this grain is carried in American bottoms.

By Mr. Donnelly:

Q. This insurance of 2 cents a bushel is pretty high?—A. The lake shipper's charges include loading out charges at the lake head; lake shipper's charges plus regular insurance plus war risk insurance.

By Mr. Evans:

Q. What constitutes the 1½ cents carrying charges, etc?—A. The 1½ cents is the cost of carrying the grain until such time as a boat appears to load it.

Q. That is after the sale is made?—A. Yes.

By Mr. Wright:

Q. What is the diversion premium?—A. That is the pemium that is charged by the elevator companies, including the producers' organizations; what is called "in lieu of terminal earnings."

By Mr. Perley:

Q. What is the amount of that again?—A. 1½ cents.

Br. Mr. McNevin:

Q. With regard to the final payments or distribution that will be affected, of course, by the percentage of grain that is sold at that higher price, also taking into consideration a very large amount that is sold at the regular price at Fort William?—A. That is right.

Q. It would be impossible to tell in between?—A. I have not the faintest idea what the final earnings will be.

Q. I do not think it could be arrived at at all.

By Mr. Evans:

Q. Is there much of our coarse grain that goes to Ontario moved by boat now, and what rate would it be? Have you that information?—A. I can get it. It is lower than the Buffalo rate.

By Mr. Perley:

Q. What is the average cargo, the number of bushels?—A. The average cargo of oats, Mr. Perley, including all sizes of boats would run about 400,000 bushels of oats.

Q. Six cents would be pretty profitable?—A. I might say, Mr. Chairman, that the bulk of these boats are American boats, and I am quite sure if the grain shippers did not care to charter them at the going rates there would be plenty of places to charter them.

By Mr. Donnelly:

Q. What is the rate for freight going into Minneapolis? You said 4 cents, did you not?—A. No. the additional freight over and above the Fort William rate on oats, Dr. Donnelly—

Q. To Minneapolis?—A. It is 6½ cents.

By Mr. Perley:

Q. That is additional?—A. Over the Fort William rate.

Q. That is a pretty heavy rate, too, is it not?—A. That has always been the tariff. That has always been the tariff rate.

By Mr. Evans:

Q. That is all rail to Minneapolis?—A. Yes.

By Mr. Perley:

Q. What is the distance from the Moose Jaw area to Minneapolis as compared with Fort William?—A. I do not know exactly what the mileage would be.

Q. Seven hundred or eight hundred miles to Fort William, is it not? It is not any farther than that to Minneapolis?—A. I think that the facts are—I am not certain as to this—that your Fort William rate comes under the Crow's Nest agreement and your Minneapolis rate is a mileage rate.

The CHAIRMAN: Any further questions on this particular matter? Carried. Mr. McIvor has another bit of information that perhaps the committee would be interested in having. He may as well present it at this time.

The WITNESS: I have a telegram, gentlemen, to say that all wheat quotas are now 15 bushels.

All wheat quotas now 15, cars being authorized for every point to permit the shipment of sufficient wheat to complete the quota.

Then he adds:

Movement of course will still be governed by available cars, but cars are being authorized to take care of congested points.

The CHAIRMAN: Can the committee then proceed to the next heading on page ten, adjustment of Canadian wheat stocks to higher price levels?

Mr. MCNEVIN: That matter was pretty well explained.

The CHAIRMAN: Any further questions on this?

By Mr. Perley:

Q. Mr. McIvor, just with respect to this would you outline who was consulted with respect to this change in the adjustments? Was anybody else outside of your board and the wheat committee of the cabinet consulted, any organization such as the pools or any grain companies?—A. No, sir.

Q. No one offered any suggestions with respect to that?—A. No, sir; they were not consulted.

Q. Did your advisory committee come in on that at all?—A. The matter was discussed with the advisory committee later. It was necessary to take immediate action and I think the matter was discussed afterwards, but we had to take immediate action. The board was in Ottawa and we had to take immediate action.

By the Chairman:

Q. It was a matter of government policy as to what was done?—A. Yes.

The CHAIRMAN: Any further questions with respect to that section of the report? Carried. The next one is maximum prices of grain.

Mr. MCNEVIN: We also dealt with that yesterday.

The CHAIRMAN: Sales to the United Kingdom.

By Mr. Perley:

Q. Mr. McIvor might give us a little information with repspect to this. I think the minister reported on three sales that had been made to the United Kingdom amounting to 300,000,000 bushels, did he not?—A. The information is contained in the report here.

Mr. WHITMAN: Two of 120,000,000.

The WITNESS: There were two sales made prior to that. My recollection is —I cannot be certain because I am drawing on my memory—that the first sale was 50,000,000 and the next one was 100,000,000 and then there were two sales of 120,000,000.

By Mr. Perley:

Q. In your next item here you mention your London representative. Would you indicate if your officer over there played any part in negotiating the sales, and what part did your exporters play? Did they play any part in negotiating? I do not mean the shipping or delivery of it.—A. Any negotiations were carried on through our own man in London.

Q. It did not involve any extensive switching of options or anything like that?—A. They were sales that were made after negotiations by our own officer in London.

By Mr. Donnelly:

Q. Did you say there was a 50,000,000 sale and a 100,000,000 sale besides this?—A. My recollection— —

Q. Why would they not be in this?—A. They are contained in the previous reports. They were made prior to this year.

Mr. WHITMAN: That was not a 1941-1942 sale.

By Mr. Donnelly:

Q. That is not the 1941-1942 crop?—A. No.

Q. I thought that belonged to this crop.—A. Mr. Perley asked me about all sales and I was going back.

The CHAIRMAN: Are there any further questions on the United Kingdom?

Section agreed to

Now, we come to the London office:

By Mr. Perley:

Q. That is the only representative the board or the government has over there?—A. It is the only representative the board has.

Q. Is there any other Canadian representative over there who deals with grain at all, assisting in the marketing of our grain or selling to Britain direct?—A. No, not that I am aware of.

Q. Then, in addition to that, have the United Kingdom Ministry of Food a representative now in Canada?—A. I understand they have, yes.

Q. Where is he stationed?—A. They have a representative I think here in Ottawa; but, they do not have anything to do with wheat.

Q. They have nobody here to handle wheat?—A. No.

Q. Well then, any sales that are made through the exchange with respect to wheat, where do they get the authority to deliver the wheat; is it from you, or the shipping board?—A. I think I better read to you about ten pages from last year's report.

Mr. Perley: No.

The WITNESS: There has been no change in the situation.

By Mr. Perley:

Q. Well, you say there has been no change.—A. The situation is exactly the same.

Q. Then I suppose the arrangement in respect to shipping, loading the vessels and so on remains the same?—A. Yes, there is not a single change in the method of handling from the arrangements in effect last year.

Q. And the only representative they have is here in Ottawa, and one in Montreal; any in Winnipeg?—A. They have no representatives in Canada which I said last year; they have no representative in Canada dealing with wheat other than a firm in Montreal known as Thompson and Earle who are responsible for the loading of the boats.

Q. And these sales then are negotiated through their representative in London?—A. That is right, through our representative.

The CHAIRMAN: Shall we pass on to the next one, Pacific coast:

By Mr. Donnelly:

Q. To whom would that be sold at the Pacific coast?—A. It is the odd cargo that is loaded on to boats being built there and moving over into the Atlantic.

Q. You mean down through the Panama canal?—A. Through the Panama canal, yes.

The CHAIRMAN: Churchill:

By Mr. Perley:

Q. How about the Churchill space, it is filled is it not?—A. Yes, it is. We do not see any prospect at the moment of moving any wheat from Churchill.

Q. When was the last wheat moved out of Churchill?—A. In the fall of 1939.

The CHAIRMAN: And you filled up the bins then.

By Mr. Fair:

Q. Has there been any deterioration in the grain stored in Churchill since that time?—A. Our information is, "no", Mr. Fair.

By Mr. Donnelly:

Q. Has there been much trouble in wheat stored in temporary bins in the country?—A. Remarkably small.

Q. That matter caused quite a lot of alarm in the grain centre at one time I believe.—A. Yes, there is the odd bit of trouble, but it is not serious.

By the Chairman:

Q. I was just going to ask one question—I am kind of offending the procedure here—you charge an equalization fee of $2 for these permits to ship grain to the United States?—A. That is not an equalization fee.

Q. Whatever it is, you charge $2 for a permit?—A. Yes.

Q. Is that revenue to the board?—A. No, that has nothing to do with the board, that is a charge by the permit branch.

Q. Are they in Ottawa?—A. Yes, they are a branch of the Department of Trade and Commerce.

The CHAIRMAN: I was just thinking about that, that it was reacting a little bit against sales.

By Mr. Evans:

Q. A farmer who ships oats or barley to the United States would have to pay an equalization fee, would he not?—A. Yes.

The CHAIRMAN: Now, gentlemen, we have come to the end of the general statement in the report and we are back to where Mr. Findlay was dealing with the accounts procedure here before the committee.

Mr. ROSS (*Souris*): Before you go on with that, Mr. Chairman, I wonder if Mr. McIvor would make a statement with respect to the increase in the amount of deliveries authorized on durum wheat; I understand now that these are greater than the quota.

The CHAIRMAN: Mr. Ross, that was dealt with yesterday when Mr. McIvor made a statement. It will be in the records when they are printed. The whole thing was explained yesterday and dealt with; I am sorry.

Can we stand Mr. McIvor down?

Mr. PERLEY: Just a moment, please.

By Mr. Perley:

Q. There is no particular change in this agreement is there, that is as it applies to storage?—A. You mean, the general agreement; that is, the handling agreement?

Q. Yes.—A. The storage rate was reduced from 1/45 to 1/50; and the handling charges were reduced from 4 cents on the higher grades and 5 cents on the lower grades to 3 cents.

Q. And the handling charge on the higher grades, 1, 2 and 3, what is that?—A. They were last year 4 cents, now 3; the lower grades last year were 5 cents and now are 3.

By the Chairman:

Q. Could you explain that item a little further. I think the committee would be particularly interested in that, because they made a recommendation in last year' report with respect to the elevator agreement; and in particular the street spread, and also the number of bushels allowed to be considered a car load. Was there any change in the agreement with respect to these items? —A. The street spread was reduced in the higher grades from 4 to 3.

Q. Is there any difference now between the street spread and the track price of wheat in the elevator agreement?—A. No, the 3 cents is practically a car lot basis.

By Mr. Donnelly:

Q. What percentage of wheat last year do you imagine was handled in car lots, and what was street—just a rough estimate?—A. I think I will ask Mr. Findlay to answer that for you.

Mr. FINDLAY: At the outside 10 per cent; I would think the outside figure would be 10 per cent—the balance would be street.

Q. The balance would be street?—A. (Mr. Findlay) Yes. If you take in the 750 bushels which was allowed for a car lot, it would probably go up to 20 or 25 per cent.

By Mr. Perley:

Q. Does not the quota delivery system prevent a farmer from taking advantage of shipping in carload lots; is it not a fact that on account of the quota delivery arrangement he cannot get space at the elevators?—A. I think that is quite true, but the charges are now considerably reduced.

By Mr. Donnelly:

Q. What was the difference between the street and carload lots last year? —A. I would say that it would be about a cent a bushel on the average.

Mr. DONNELLY: We recommended here in this committee; I think it was brought up by Mr. Fair, if I remember correctly; that the carload lot should be reduced from 750 to 500; and then there was a further recommendation that it should be cut out entirely and we did ask that the carload lot be done away with and the spread eliminated; and in that way we saved a cent a bushel on about three parts of the wheat shipped from farms.

Mr. FAIR: Would Mr. McIvor explain what steps have been taken to bring about a reduction?

Mr. DONNELLY: I was just going to ask him that.

The WITNESS: I will have to draw on my memory just a bit, although I think I am fairly accurate on the sequence of events; I will give it as best I can: at the outset I personally had a telegram from—

Mr. DONNELLY: I just want to draw to the attention of the committee that here I have the records of what took place last fall.

Mr. FAIR: I wonder, Mr. Chairman, if the witness could give us that instead of some of the members; in that way we will be able to get it authentically.

The CHAIRMAN: Mr. McIvor can answer your question.

Mr. DONNELLY: I was just going to ask Mr. McIvor a few questions, if I might, in connection with that very thing. Now, we here in this committee, if I remember rightly, recommended that this difference between street wheat and carload lots be done away with and that they both be handled as carload lots. I have in my hand here a copy of the report which appeared in the Calgary *Herald.*

Mr. FAIR: I wonder if Mr. McIvor could answer my question?

Mr. DONNELLY: I was asking questions when you butted in; just let me ask my question and then you can ask yours. I have in my hand here a clipping from the Calgary *Herald*, dated April 8, 1942, where Mr. Purdy says that "the pools introduced the idea" of doing away with the difference between street price and carload lots. I maintain, Mr. Chairman, that that is not correct; that the idea originated in this committee by Mr. Fair himself, right here, and not Mr. Purdy. If Mr. Purdy says that he was the one who originated the idea, or that the pools were, they are trying to take credit for what is coming to this committee. This committee was the one which in our recommendations of last year asked that this difference between the street wheat and carload lots be done away with. It was done away with, and it was without the pools

starting it at all. I will say this, that the pools were the first to agree to what we recommended; and the pools did at that time agree to do what we recommended, and agreed to do away with the difference between the street wheat and carload lots. Arising out of that and immediately after they did that the Midland-Pacific made representations to the government to do away with or reduce charges; and they were followed by the Pioneer Grain Company—and I have all the material here which shows where they said they agreed to cut it by a cent or a cent and a half—and then there was the Alberta Pacific, the Reliance Grain, the National Grain, Western Grain Company, the Alberta Pacific, Federal and National; they all agreed to reduce the rate from a cent to a cent and a half. If these charges could be reduced the difference would mean a great gain to the farmers in that cent to a cent and a half. And the first start in that change was made right here; it originated, I say and I maintain, right here in this committee last year. And by effecting a saving from a cent to a cent and a half to the farmers of western Canada, as applied to their 280,000,000 bushels, it represents between $2,800,000 and $4,200,000; and don't forget that was the work that we did right here in this committee.

Mr. FAIR: Could I have an answer to my question now, Mr. Chairman?

The WITNESS: Mr. Chairman, I am quite willing to say at the outset that the first suggestion came from this committee on the reduction of the charges.

Some Hon. MEMBERS: Hear, hear.

The WITNESS: Then, when you go from there, it is rather the old question of which came first, the hen or the egg.

By Mr. Perley:

Q. Who made the suggestion first to this committee that the service charges be reduced?—A. Probably you remember that better than I would.

Q. I think I did; so we better have that on the record—and I did not become very popular for doing so either.

The WITNESS: What happened, answering Mr. Fair, was the first indication I had of any suggestion that the charges be reduced was a telegram that came from Calgary where a meeting of the pool's central selling agency was taking place or, I should say the central board of the wheat pools.

By Mr. Donnelly:

Q. That was in the week of July 20th·—A. Yes. I do not recall the date, it was in the early part of the summer.

Q. Well, it was the week of July 20th.—A. As I recall the suggestion—and again I am speaking from memory—but as I recall it it was pool's suggestion that the street spread be reduced by ½ cent per bushel on all grades. You may have that, Dr. Donnelly; but that is my recollection. Then, the Midland-Pacific Elevator company at Calgary came out with a statement in the press that they would cut the rate to 2½ cents on high grades and 3½ cents on low grades. They were followed in very close order by five or six other of the line companies. Then the pools had a meeting in Winnipeg and they suggested, as I recall it, a cut to 3¼ cents and one-sixtieth of a cent; but that was subject to this proviso, that we would have to get the others to follow suit. In other words, it would have to be a general agreement among the elevator companies.

By Mr. Perley:

Q. Right here might I ask, did the five or six companies that have already been mentioned object to that one-sixtieth?—A. Might I go on with my statement, if you don't mind?

Mr. PERLEY: All right.

The WITNESS: The result was that we had a meeting in Winnipeg—we had to get the crop handled and time was getting on—and finally after days of meeting we arrived at a basis of 3 cents and one-fiftieth. Now, I do not want to detract at all—

Mr. DONNELLY: And the other one was 3¼ and one-sixtieth.

The WITNESS: My recollection is that it was 3¼ and one-sixtieth.

Mr. DONNELLY: But reducing the carrying charge would not help the farmers, it would be the government that would be helped.

The WITNESS: That is right. I might say in spite of anything that has been said here, I do believe the board had a little to do with bring the charges down.

By the Chairman:

Q. Will you also say that you were asked to do that by the standing committee on agriculture and colonization?—A. Yes, it was at their direction that we started to carry on the discussions.

By Mr. Perley:

Q. Are you through with that now?—A. Yes.

Q. There were five or six of the larger line companies agreed to this cut, who fell in line with what the pools suggested, what about the balance of the line companies?—A. I don't think, Mr. Chairman, that I should state to this meeting as to what companies agreed or disagreed. I did say that we finally reached a very satisfactory agreement.

Mr. PERLEY: Then I will go on record as saying, and I am of the opinion, that the other line companies opposed the cut, were not in favour of making the reduction.

The CHAIRMAN: But the upshot of the whole thing was that they finally agreed to the change.

Mr. DONNELLY: And the final ending of the whole thing was getting a better deal for the farmer.

The WITNESS: Yes.

Mr. FAIR: Might I ask at all, if we had not had the pool organization, if they had not been in operation, what kind of a deal would the farmers have had?

The CHAIRMAN: Well, Mr. Fair, I can look back to the early days of the pool and say that the first handling agreements the pools had—that we made with the line elevator companies—they did not have any elevators when the pools first started off, and they had to have elevators—so that the elevator agreement is really a thing which has developed over a number of years; and I think that each succeeding agreement has been a little bit better than the one previously in operation.

Mr. FAIR: And you will remember that it has only been since the pools came into operation that things have been getting better; and I too can go back on experience of over twenty-nine years.

Mr. WRIGHT: I might point out this with respect to the pools, that it does not make so much difference to them what the charge is as it does to the line companies; whatever the pool takes in it eventually finds its way back to the farmers who are its members in the form of profits.

The CHAIRMAN: Is there any further discussion; can we stand Mr. McIvor down and call Mr. Findlay back to the stand?

Mr. PERLEY: I was going to ask Mr. McIvor one question about the international wheat agreement which was made last year. I have a report here from one of the western papers which says: Canada maintains her hold

on British market, virtually her only market for wheat, for the duration of the war and a period of two years to follow. That is a result of the new international wheat agreement that was made in 1942. Could Mr. McIvor tell us how that agreement is working out, and is Canada getting her share, the share that was allotted to her by that agreement.

The WITNESS: The agreement is not yet operative.

Mr. PERLEY: It was agreed to in July of last year.

The WITNESS: After the end of the war, not during the war, it can only take effect after a period of time with respect to which all the signatory nations will have to be in agreement.

Mr. PERLEY: It says, Canada maintains her hold on British markets, virtually her only market—

The WITNESS: That has nothing to do with the war.

By Mr. Perley:

Q. How are you on your shipments this last six or eight months as compared with the previous six or eight months to Britain?—A. Generally speaking the shipments of wheat to Britain so far this year are down as compared to last year, but there has been a big increase in flour shipments. I do not know the loadings recently.

Q. Flour, not wheat; probably that works out better in view of the shipping situation.—A. I would say, Mr. Perley, that we cannot tell at all until we get to the end of the year.

Q. One can readily understand the space situation being what it is, that it would be better to ship flour.—A. Entirely depends on the question of shipping.

By Mr. Donnelly:

Q. Do you know whether or not England gets any wheat from the United States under lease-lend?—A. I do not think so. They do not get any now, and I do not think there is any prospect of it.

Mr. McIvor stepped down.

Mr. R. C. FINDLAY, recalled.

The CHAIRMAN: Mr. Findlay is again before the committee and I think there were two questions asked in his absence the other day. I think possibly he has the information now. One was by Mr. Perley regarding the expense of the advisory committee; perhaps he could give that. Then I think there was one with respect to storage—I have forgotten just exactly what the question was.

Mr. PERLEY: How far did we get with this financial statement, Mr. Chairman?

Mr. MCNEVIN: (*Victoria-Ontario*): We had reached page 22, if I remember correctly.

The CHAIRMAN: We were up to the consolidated balance sheet which is on page 18. Could Mr. Findlay answer these two questions and then proceed from there and go through the report as we have it. Have you the information?

The WITNESS: Mr. Chairman, I understand that one of the questions had to do with the advisory committee. I do not know just what the question was, but if you just want the total of the honorariums it was $1,140; then, total sustenance, was $1,270; travelling expenses $2,029.14; making a total of $4,439.14.

The CHAIRMAN: What was your question, Mr. Perley; did it relate to storage?

By Mr. Perley:

Q. I asked a question as to how the storage was divided, apart from the wheat the farmer is holding, that which went to the elevator companies? —A. That is in the report.

Q. Oh, we will come to that.—A. Yes, it is in the average for the crop years.

The CHAIRMAN: Can we proceed to deal with the consolidated balance statements?

That will take us over to page 18. The balance of that information deals with the consolidated balance statement in the exhibit. That means, from the standpoint of consideration by the committee, that we will proceed over to exhibit 1. Are there any questions with respect to statements in exhibit 1?

By Mr. Perley:

Q. I do not think there is very much there. There is a statement there with respect to memberships—the Winnipeg Grain Exchange. How many memberships would you have? You have one in Vancouver and one in Winnipeg— —A. We have two memberships on the Winnipeg Grain Exchange, we have one membership in the Winnipeg Grain and Produce Clearing Association—that is the clearing house—and one membership with the Lake Shippers' Clearance Association and one membership in the Vancouver Grain Exchange.

Q. This is an annual fee, is it?—A. No, that is the total value of the memberships. As a matter of fact, we originally paid $21,000 for those.

Q. This is the appraised value, now?—A. No, we have applied dividends which we received from the clearing house and from the Lake Shippers' Association in order to reduce these, because the memberships have such a fluctuating value that you cannot arbitrarily write them down unless you write them to a dollar and let them go at that. Gradually over a period of years this will disappear.

By Mr. Wright:

Q. Could you give us an explanation as to the 1930 equalization payment account?—A. You will remember, Mr. Wright, that in 1935, I think it was, at the time the stocks of wheat carried by the Canadian Co-operative Wheat Producers were taken over by the board, the government set up a fund of $6,600,000 for the purpose of equalizing the prices paid to the farmers in that particular year. Now, the three provincial pools made those payments as agents of the board from their records and distributed that money as the cheques went out—the residue of that fund, which is the amount you see here, was left with the board for special expenses incurred in connection with the administration of that account.

The CHAIRMAN: That is the balance left out of the $6,000,000 odd?

The WITNESS: $6,600,000 which was turned over to us originally.

By Mr. Wright:

Q. That would mean your expenses were $6,600.000. That was the total amount available for the payments?—A. $6,600,000 was the amount available for equalizing the payment to the growers—I think it was approximately $6,500,000 that went directly to the producers,—$6,400,000 or $6,500,000—somewhere in between.

By Mr. Perley:

Q. With regard to this liability to the agents of $53,000,000, could you give us any information on that; how many agents would be involved in that? Would they include all the elevator companies?—A. All the elevator companies. There would probably be thirty odd.

Q. They are practically all elevator companies?—A. All elevator companies, and that is the liability which the board will owe and pay to those companies at the time the wheat is delivered in a deliverable position. As long as they carry it in the country we do not pay for it—until it is delivered at Fort William or at some other deliverable point.

By Mr. Wright:

Q. What is the policy of the board with respect to that? Do you keep your terminal elevators filled at all times?—A. Yes. The movement and control of board wheat rests entirely with the board. We order it forward as we need it or have space for it.

Q. But it is the policy of the board to keep the terminal elevators filled?—A. Yes.

The CHAIRMAN: To keep the grain in a deliverable position?

The WITNESS: Yes, to keep the grain in a deliverable position.

By Mr. Perley:

Q. Have you the full control of ordering cars to be delivered at certain elevators?—A. That is right, we do.

Q. That is more or less to accommodate deliveries in areas where you think cars are needed?—A. That has become very necessary due to the congestion recently—in the last year or two.

Q. For instance, there may be four or five elevators at one point and somebody says that so and so is getting two cars and so and so is getting one car or somebody else may be getting three cars. Out in the country I hear people complaining that so and so got three cars on a certain day and he got only one car. How are the cars really distributed?

Mr. McIVOR: May I reply to Mr. Perley. The question was covered yesterday, and I filed with the committee a complete statement of how cars are distributed and the basis of distribution, and I said at the same time that we had practically no complaints from companies this year as to the distribution of cars. But that particular type of complaint will always occur more particularly if one man gets three cars and another man gets one car, but it always balances out.

Mr. PERLEY: I am speaking now from the standpoint of the producer. He may be using a certain elevator and another elevator will get three or four cars, and that man is anxious to get his quota off. It is not a point of any value.

The CHAIRMAN: Are there any further questions with respect to exhibit 1?

By Mr. Donnelly:

Q. Mr. Findlay, you show somewhere a deficit of $10,000,000 odd at present prices for the 1939 crop?—A. Yes.

Q. And about one and one-third million— —A. $1,364,000.

Q. For the 1940 crop?—A. Yes.

Mr. PERLEY: You have a surplus over here in the operations.

By Mr. Donnelly:

Q. On the 1938 crop there was a loss of about $61,000,000?—A. Roughly $62,000,000, between $61,000,000 and $62,000,000.

Q. That has been wiped off and settled for?—A. That is all cleaned up. We will come to that later on as we consider the report. You will see the wind-up of the 1938 crop.

Q. It is possible that if the price of wheat goes up that these deficits of $10,000,000 odd and $1,364,000 may be a lot less?—A. Oh, yes.

Q. You can sell the wheat on hand at a bigger price?—A. Yes, 1939 will, undoubtedly, be less when the account is finally closed out.

Q. On account of the present prices of wheat?—A. Yes.

By Mr. Evans:

On page 23 there is a statement with regard to the deficit for the 1938 crop and prior; is that the one you have reference to?—A. Yes, that is the statement.

Q. That is cleaned right off to the end of the crop year 1938?—A. Yes. That is on page 23. There is a deficit of $61,425,829.01, and then we had additional interest from the date of our last balance sheet of $99,862.18 Originally—a year or two before that—the dominion treasury sent us $52,000,000 to apply on our bank indebtedness for the 1938 crop, and last April they sent us the difference of $4,902,609.36 which cleaned up the account as far as we were concerned.

The CHAIRMAN: Are there any further questions with respect to exhibit No. 1? If not, may we proceed to exhibit No. 2?

The WITNESS: Exhibit No. 2? Mr. Chairman, by way of explanation may I say that instead of showing you individual balance sheets for each of the crop years we thought it would be more understandable to give you the consolidated balance sheet covering all accounts and then in exhibit 2 we give you the component items as they affect each of the crop years.

The CHAIRMAN: That is a very satisfactory way to set it up, Mr. Findlay. Are there any questions on this statement?

By Mr. Perley:

Q. Will you explain the reference to the clearing house adjustments at the bottom of page 20? What amount is represented by the daily clearing house adjustments—the amounts due to and from?—A. Oh, yes. Naturally, at the close of the market each day we have to issue a cheque to or we receive one from the clearing house. At the time that transaction takes place we do not know which crop year is affected or charged so we have to carry through until the end of the month and then we allocate the amounts due to or from each of the crop years.

Q. In this statement, exhibit 2, where is that amount found?—A. You will find it about midway down on the liability side, "amount due to and from other board accounts".

By Mr. Evans:

Q. With regard to the surplus resulting from the operation of the 1941 crop shown on the bottom of exhibit 2 $4,809,054.50, that would be at your inventory date last year—the value of the wheat?—A. Yes, that is the value of unsold wheat at the market price.

Mr. DONNELLY: What time was it valued?

The WITNESS: July 31st.

The CHAIRMAN: Are there any further questions?

(Carried)

The CHAIRMAN: Now, let us go to exhibit No. 3. Is any explanation requested for the different items in this statement?

Mr. PERLEY: Let us go back to page 21. You have a lot of similar headings here to those in exhibit No. 3 but you do not make mention there of the brokerage charges. There is the drying and reconditioning charges. Why did you not make reference to the brokerage charges?

The CHAIRMAN: In exhibit 3?

Mr. PERLEY: Yes, on page 22.

The WITNESS: Well, comment is made with regard to the accounts only where some explanation is necessary. About all we can say about it is that this amount represents the brokerage paid to the brokers for settling board wheat.

Mr. PERLEY: You mentioned all the other different headings.

The WITNESS: We did that because they usually comprise more than one item.

Mr. PERLEY: That is in exhibit 3, the second last item, $50,618.

The WITNESS: Yes.

Mr. DONNELLY: Mr. McIvor, are you still able to carry wheat by futures cheaper than by paying regular carrying charges?

Mr. McIVOR: We are at the present time, yes.

Mr. DONNELLY: And do you carry it cheaper by using futures and using future marketing—that is paying your brokerage charges as well?

The CHAIRMAN: May we hold closely to the exhibit while we are going through this part here?

Mr. PERLEY: We are on the exhibit and that is part of it. Brokerage would come under that item.

The CHAIRMAN: Yes, brokerage is under that. I did not think Dr. Donnelly's question came under that particular part.

Mr. DONNELLY: I was asking about brokerage charges. Under futures you have to pay brokerage charges.

Mr. WRIGHT: Has that position been maintained consistently throughout the last three years?

Mr. McIVOR: I think I said last year that the amount that could be saved by the use of futures depended largely on the relationship between storage and wheat. When we were offering more wheat than the storage available the carrying charges in the future markets were wider but as the storage reached out for the wheat the carrying charges narrowed up, and within the last month or six weeks there has been a narrowing in the relationship between the futures which permits up to make substantial savings in carrying.

Mr. WRIGHT: I understood that about a year ago there was very little.

Mr. McIVOR: There was very little a year ago.

Mr. DONNELLY: There was very little storage space too.

Mr. McIVOR: Yes.

By Mr. Perley:

Q. Take the 1941 crop which is not cleaned up. What futures would you hold for that, what amount? How often did you have to switch the futures for that wheat?—A. The 1941 crop?

Mr. McIVOR: We usually switch in the fall, from the October to the December and sometimes right from the October to the May and from the May to the July and back to the October.

Mr. PERLEY: There are about three switching operations on a year's crop that is not cleaned up?

Mr. McIVOR: Yes.

Mr. PERLEY: And it is cheaper to pay brokerage fees on that?

Mr. McIVOR: I can say this to you that we never spread futures from one month to another if it is more expensive.

Mr. PERLEY: If it is more expensive to carry the futures you do not do it?

Mr. McIVOR: No.

The CHAIRMAN: Are there any further questions?

Mr. PERLEY: At the bottom of the page, administrative and general expenses, $387,000; can you give us a breakdown of that?

The CHAIRMAN: Mr. Perley is asking for information and a breakdown of the item, administrative and general expenses, $387,388?

The WITNESS: That $387,388 is the proportion of the board's administrative and general expenses which are charged to the 1941 crop. The expenses are allocated for each crop year in accordance with the amount of handling that was done to handle their position. The items comprising it, of course, include everything, depreciation on furniture and fixtures, alterations of offices, foreign exchange, daily banking expenses, express, cartage and freight, market quotation service, grain exchange dues, bonds, insurance and taxes, grain marketing publications, repairs and upkeep of office machinery and equipment, tabulating equipment rental—the tabulating equipment is for the International Business Machines which we use very extensively—legal and audit fees, travelling expenses, office supplies and expenses, printing and stationery, postage and excise stamps, telegrams and cables, telephone exchange service, advisory committee travelling, unemployment insurance and salaries.

Mr. PERLEY: I will not bother you for the detail of that. That is the general heading.

By the Chairman:

Q. That statement would cover another period rather than the period that you have got in mind. It would be just apportioned to the 1941 crop?—A. The 1941 crop was charged for its share. Speaking from memory I think it bore 49 per cent of the total expense for that year.

By Mr. Evans:

Q. Mr. Findlay, I notice additional freight on wheat shipped to Fort William, $1,251,695.60. That is paid by the board for the equalization of all freight shipped out of Vancouver zone and Alberta to the head of the lakes?—A. Yes, it is. It represents the additional cost to us of freight on wheat bought and paid for basis Vancouver and later shipped to lake shipping point.

Q. So as to put Alberta wheat in a more favourable position?—A. Yes.

By Mr. Donnelly:

Q. That is a bonus you give to them?—A. Yes. During the last two or three years, as you know, shipments out of Vancouver have been very low and to sell the wheat you have to move it east.

Mr. FAIR: How would that be described as a bonus, Mr. Findlay?

Mr. DONNELLY: You have to ship it east.

Mr. FAIR: I object to that because we usually go right to Vancouver and through no fault of our own from the war or other conditions we have to ship east. Personally it would make very little difference to me. It is half a cent per hundred difference whether I ship east or west, but I do not like insinuations and innuendos of this kind from Dr. Donnelly. It is not a bonus to the Alberta farmer because I think we stand the racket on our freight rates on what we handle.

By Mr. Donnelly:

Q. There is some wheat shipped to Vancouver, is there not?—A. Oh yes.

Q. And the reason why you have shipped it east as much as anything else is because there is no space there?—A. No space.

Q. You ship it east for them and we pay the difference, and what do we call it if we do not call it a bonus?

Mr. FAIR: It is not a bonus.

Mr. DONNELLY: We ship oats down to eastern Canada and we give them freight rates. What do you call it if you do not call it a bonus?

Mr. FAIR: That is a bonus. In our case it is not.

The CHAIRMAN: Any further questions?

By Mr. Perley:

Q. Mr. Chairman, Mr. McIvor said they did not use an option unless it was cheaper, only when it was cheaper to do that. On the first page of exhibit three there is an item there, transfer of futures to deferred months, $350,000. Can you give us a breakdown of that? I might say that down below brokerage and clearing charges are $50,000.—A. That is right, Mr. Perley. The first amount you mentioned, $350,700 represents the cost of transferring futures from one month to the other. In other words, it is the difference between the price of the nearby future to the deferred future. Ordinarily in the grain business that item is never paid. It would be merged up here in the profit and loss on futures, but in 1935 we started to segregate that.

Q. It really cost in switching your futures $350,000. Just above that you show carrying charges on wheat stored in country elevators were only $287,000? —A. Carrying charges on wheat —no, $4,608,851.80.

Q. The second item—A. You mean terminal storage?

Q. Yes.—A. Of course, there still is a big part of that crop in the country elevators that has not moved forward to the terminals as of the date of the balance sheet.

The CHAIRMAN: Any further questions?

By Mr. Perley:

Q. There is just one item here on which I would like to make a comparison with the previous report, 1940-1941. It is the item of brokerage charges near the bottom, $50,000 in the one and over here in exhibit C—I think it deals with practically the same thing—you have brokerage charges, $118,000. Why would there be so much difference? It is a little hard to follow.—A. Why the difference in the amount?

Q. Yes.—A. Do not forget, Mr. Perley, in the one case you handled less than 100,000,000 bushels and in the other crop you handled almost 400,000,000 bushels.

Q. In this previous crop?—A. Yes. You see your handlings in the statement you are referring to now are 395,000,000.

Q. It is a little hard to follow because you have got them lettered in the one and Roman numerals in the other?—A. Yes.

The CHAIRMAN: Any further questions on exhibit No. 3? I would like to ask Mr. Golding to take the chair for a little while.

Mr. Golding takes chair as deputy chairman.

By Mr. Wright:

Q. Mr. Findlay, what is the comparative storage space in the terminal elevators as compared to the country elevators? Have you those figures?

Mr. MCIVOR: We have them here. I will see if I can find them.

By Mr. Wright:

Q. What I was getting at was that there is a very much greater sum paid for storage in the country elevators as compared to the terminal elevators. It would look as though the terminal elevators had not been kept filled up?—A. I think the explanation you are looking for, Mr. Wright, is

the fact that when wheat comes forward into a deliverable position we generally do not carry it very long before selling it. In other words, during the last three crop years particularly it has been carried in the country for a longer period than it has been in the terminal elevators, but when we sell the wheat and it changes ownership of course storage still goes on but the new owner would pay the storage.

Q. It does not appear in this statement?—A. No.

By Mr. Donnelly:

Q. Is the storage rate in the country a 45th?—A. 50th.

Q. Both there and at the terminal?—A. Terminal and country both.

Q. And on the Pacific coast it is a 60th?—A. At the Pacific and the interior terminals. The licensed capacity of the country elevators is 305,212,704. That is out of a total combined storage space of approximately 600,000,000. The Fort William terminal space is 144,530,000.

Mr. WRIGHT: That explains what I wanted to find out as to the difference in the charges.

The WITNESS: Yes, surely.

The DEPUTY CHAIRMAN: Are there any more questions on exhibit four?

Mr. MCNEVIN: I think Dr. Donnelly should make it clear what he refers to when he mentions a bonus. We are a little in the dark.

Mr. DONNELLY: The general wheat growers; it is taken out of all wheat growers, out of the pool, the board.

Mr. MCNEVIN: Before we leave this point you do not mean the freight subsidy on the feed grains? The cost of the freight subsidy on Ontario feed grains is borne by the government.

Mr. DONNELLY: Sure.

Mr. FAIR: The individual farmer stands the loss.

Mr. DONNELLY: In your case it comes direct from the government.

Mr. MCNEVIN: Yes.

Mr. DONNELLY: If the board made a deficit for the 1941 crop it would come from the government just the same as the other. The government would put up the loss. If you make a profit it is taken out of the profits.

Mr. MCNEVIN: However, the two matters are not in exactly the same category.

Mr. PERLEY: Let us get on.

The DEPUTY CHAIRMAN: Exhibit 4.

By Mr. Perley:

Q. There is an item here, profits on futures. Is it right that you made $508,000 there?—A. That is correct.

Q. Down here your brokerage fees charged are $15,000. That would be a pretty good year as far as futures were concerned?—A. They really have no relationship whatever to each other.

Q. What about this item, surplus on cash wheat and futures transactions, $1,700,000.—A. That is the surplus in this account valuing the stocks again at the July 31st close.

By Mr. Donnelly:

Q. If the price of wheat goes down you may lose it all?—A. You may lose it all if it goes down.

The DEPUTY CHAIRMAN: Any more questions on exhibit 4?
(Carried.)

Exhibit 5?
(Carried.)

Exhibit 6?
(Carried.)

Mr. DONNELLY: It is the same thing.

The DEPUTY CHAIRMAN: Exhibit 6 carried. Exhibit 7.

Mr. DONNELLY: That is the 1939 crop.

By Mr. Perley:

Q. In exhibit seven your brokerage fee is $666,000?—A. $661,000—no, I am sorry, $666,000.

Q. I have the total brokerage fees paid in these different exhibits. I think I am correct. I have got $1,255,000. You do not care to give us a list of the brokers used, how they were distributed?

Mr. DONNELLY: That is for how many years?

Mr. PERLEY: The five exhibits, exhibits 3, 4, 5, 6 and 7.

The WITNESS: Mr. Chairman, that is our old friend from last year.

The CHAIRMAN: I was waiting for confirmation or otherwise of the figure which he had given. I do not know whether his addition is correct.

The WITNESS: $1,067,000 altogether.

The CHAIRMAN: So far as the payment of brokerage is concerned and the individuals who received it I imagine the committee considered that matter as settled last year. I do not know whether we wish to open it up again this year.

Mr. PERLEY: My colleague who was interested in that is not here this afternoon. However, that is the amount. I am right in my figures, am I?

The WITNESS: Yes, it totals $1,067,000.

Mr. PERLEY: I had it a little more than that.

Mr. MCNEVIN: That covers a period of five years.

By the Chairman:

Q. That is for a period of how many years?—A. That covers three board years that were then open, P.C. 1803, flax and everything else.

Mr. PERLEY: It covers three years including flax for one year.

The CHAIRMAN: Any further questions on exhibit No. 8. That is the last one in the book.

[Carried.]

Are there any further questions that the committee wishes to ask Mr. Findlay?

Mr. HENDERSON: When are you going to pay us on the participation certificates for the 1938 crop?

The CHAIRMAN: I think you had better ask that question of some member of the government. Are there any further questions you wish to ask either Mr. Findlay or Mr. McIvor? Do I take it then that the committee is prepared to release these two witnesses?

Mr. McNEVIN: Before doing so, Mr. Chairman, I think that the representatives of the wheat board have facilitated the carrying on of this work before the committee a great deal, and I have much pleasure in moving a vote of appreciation on the part of the committee to the members of the board.

Mr. HENDERSON: I would like to second that.

Mr. PERLEY: I think you ought to allow me to second that.

Mr. McIVOR: Mr. Chairman, I wish to thank you for your remarks about the board. I also wish to express the appreciation of the board for the courtesy that we have had from the committee and the patience with which you have listened to a lot of our long drawn out explanations. There is just one matter, Mr. Chairman. I have asked Winnipeg to confirm the various offers that were made in regard to the handling of wheat last year. If you remember I was drawing on my memory for that information, but I will give you that by letter because I would like the record to be clear in that regard.

Mr. PERLEY: Mr. Chairman, I may say we are refraining from asking any questions about the new policy. I suppose we will have to look to the minister for that. Mr. McIvor would not want to go into that.

The CHAIRMAN: I think the committee have pretty well covered what was included in the order of reference. The particular item that Mr. Wright was interested in had to do with the equalization fee regarding the sale of coarse grains to the United States. The committee has reviewed that and the elevator agreements that were in operation this year, any changes that were made in them from last year. That has all been dealt with. If there are no further questions I presume we can release these two witnesses, express our appreciation to them as was done in the motion of Mr. McNevin, and proceed to draft some kind of report to be presented to the house.

The Committee adjourned at 5.30 p.m. to meet again on Thursday, June 10, 1943, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

THURSDAY, JUNE 10, 1943

TUESDAY, JUNE 15, 1943

WITNESS:

Dr. G. S. H. Barton, C.M.G., Deputy Minister, Department of Agriculture.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

ORDER OF REFERENCE

MONDAY, 14th June, 1943.

Ordered,—That the said Committee be authorized to review:—

1. The Wartime Marketing policies administered by the Department of Agriculture with respect to

   (*a*) The Agricultural Supplies Board

   (*b*) The Special Products Marketing Board

   (*c*) The Dairy Products Board

   (*d*) The Meat Board.

2. The agricultural research activities of the Department of Agriculture and of other government agencies.

3. The administration of farm equipment rationing.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

82772—1½

REPORT TO THE HOUSE

FRIDAY, June 11, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

SECOND REPORT

Your Committee recommends that it be authorized to review:—

1. The Wartime Marketing policies administered by the Department of Agriculture with respect to

(*a*) The Agricultural Supplies Board

(*b*) The Special Products Marketing Board

(*c*) The Dairy Products Board

(*d*) The Meat Board.

2. The agricultural research activities of the Department of Agriculture and of other government agencies.

3. The administration of farm equipment rationing.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, June 10, 1943.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Blair, Clark, Dechene, Diefenbaker, Douglas *(Weyburn)*, Evans, Fair, Ferron, Fontaine, Furniss, Gardiner, Golding, Hatfield, Henderson, Laflamme, Lafontaine, Leclerc, Léger, Lizotte, McCuaig, McCubbin, McNevin *(Victoria, Ont.)*, Mullins, Perley, Rennie, Rheaume, Rickard, Ross *(Souris)*, Ross *(Middlesex East)*, Senn, Weir, Whitman, Wright.—33.

The minutes of the meeting held on Wednesday, June 9, were read and approved.

The Chairman, on behalf of the steering committee, presented the following report:—

> The steering committee, having met this day, begs leave to recommend that the motion of Mr. Cruickshank, seconded by Mr. Leclerc, passed on Wednesday, May 26, 1943, be rescinded, and that the following be substituted therefor:—
>
> That the Committee report to the House recommending
>
> 1. That it be authorized to review the Wartime Marketing policies administered by the Department of Agriculture, with power to call as witnesses, representatives of
>
> (*a*) The Agricultural Supplies Board
> (*b*) The Special Products Marketing Board
> (*c*) The Dairy Products Board
> (*d*) The Meat Board.
>
> 2. That authority be given to review the agricultural research activities of the Department of Agriculture and of other government agencies; and
>
> 3. That authority be granted to review the administration of farm equipment rationing.

Mr. McNevin moved that the motion of Mr. Cruickshank, seconded by Mr. Leclerc, passed on Wednesday, May 26, 1943, be rescinded.

Motion carried.

Mr. Leger moved:—

That the Committee report to the House recommending:—

1. That it be authorized to review the Wartime Marketing policies administered by the Department of Agriculture, with power to call, as witnesses, representatives of

(*a*) The Agricultural Supplies Board
(*b*) The Special Products Marketing Board
(*c*) The Dairy Products Board
(*d*) The Meat Board.

2. That authority be given to review the agricultural research activities of the Department of Agriculture and of other government agencies; and

3. That authority be granted to review the administration of farm equipment rationing.

Mr. Diefenbaker moved in amendment thereto that there be added to the list of witnesses to be called, the name of Mr. Donald Gordon, Chairman of the Wartime Prices and Trade Board, or of another official of the Board, conversant with matters pertaining to agriculture.

Discussion followed.

The amendment being put, it was negatived on the following recorded division:—*Yeas:* Messrs. Diefenbaker, Douglas *(Weyburn)*, Hatfield, Perley, Ross *(Souris)*, Senn. (6)—*Nays:* Messrs. Clark, Dechene, Evans, Fair, Ferron, Fontaine, Furniss, Gardiner, Golding, Henderson, Laflamme, Lafontaine, Leclerc, Leger, Lizotte, McCuaig, McCubbin, McNevin *(Victoria, Ont.)*, Mullins, Rennie, Rheaume, Rickard, Ross *(Middlesex East)*, Whitman, Wright. (25).

The question then being put on the main motion, it was adopted.

The Committee adjourned to the call of the Chair.

R. ARSENAULT,
Acting Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, June 15, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Bertrand *(Prescott)*, Blair, Cardiff, Cruickshank, Dechene, Diefenbaker, Donnelly, Dubois, Evans, Fontaine, Furniss, Gardiner, Golding, Henderson, Kirk, Laflamme, Lafontaine, Leader, Leger, McCubbin, McNevin *(Victoria, Ont.)*, Matthews Mullins, (Mrs.) Nielsen, Perley, Quelch, Rennie, Rheaume, Ross *(Souris)*, Ross *(Middlesex East)*, Senn, Soper, Tustin, Weir, Whitman.—35.

In attendance: Dr. G. S. H. Barton, Deputy Minister of Agriculture and Chairman of the Agricultural Food Board; Mr. A. M. Shaw, Director of Marketing Services, and Chairman of the Agricultural Supplies Board.

On motion of Mr. Leger, the Minutes of the last meeting held on Thursday, June 10, were approved.

The Committee proceeded to inquire into the Wartime Marketing policies of the Department of Agriculture in accordance with an Order of the House dated June 14, 1943.

The Hon. J. G. Gardiner, Minister of Agriculture, made a statement outlining the policy and plans of the government.

Dr. Barton, Deputy Minister of Agriculture, was called. He gave a review of the different Boards established under the marketing policies of the Department, described their functions and relationship, and was questioned thereon.

On motion of Mr. Golding, the Committee adjourned at 1.00 o'clock until Thursday, June 17th, at 11.00 o'clock, a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 15, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: If the committee will kindly come to order we will proceed. The order of reference which the committee recommended at the last meeting passed through the house yesterday, and we have proceeded to the extent of being ready to continue on the basis of that order of reference. The plan suggested to start this further inquiry into the operation and the conduct of these various boards mentioned in the order of reference was to have the Minister of Agriculture outline the general policy with respect to it and be followed by Dr. Barton as the head of most of these boards, and then also by Dean Shaw. Is the committee agreeable to proceeding on that basis?

Mr. CRUICKSHANK: Who is Dean Shaw?

The CHAIRMAN: He is the Director of Marketing in the Department of Agriculture, and Chairman of the War Supplies Board.

Mr. CRUICKSHANK: The reason I am asking that is that I introduced the original motion, and I think that every member has got to admit the most essential thing—I am quite in favour of us discussing plastic and all that—the most essential thing, as I see it, before the committee at the present time is dairying products. It affects all parts of Canada. That is the reason I am asking who Dean Shaw is. I do not know.

The CHAIRMAN: I might say that I thought perhaps the committee might prefer to deal with these various marketing organizations before dealing with the research activities that are suggested in the second part of the order of reference. I think all that Mr. Cruickshank has in mind will be covered at some stage of the proceedings as we go along. If it is not I hope he will bring it to our attention.

Mr. CRUICKSHANK: May I speak again? I think we took it very gracefully at the previous meeting. I am quite in accord naturally with hearing the Minister and the Deputy Minister but what I am suggesting is that when the various boards are being called before us we deal with the one concerning dairying first.

Hon. Mr. GARDINER: They are all under Mr. Shaw.

Mr. CRUICKSHANK: All right.

The CHAIRMAN: I think you will find the Minister will give an outline of the set-up that will get us started. Is that agreeable to the committee?

(Carried)

Hon. J. G. GARDINER, Minister of Agriculture called.

The WITNESS: Mr. Chairman, I will endeavour in as few words as possible to outline what the policy and plans have been on the part of the government during the war. Then, as has been suggested by the chairman, my deputy is here who, as well as being deputy, is Chairman of the Food Board. Mr. Shaw is also here, who has been from September 9, 1939 on, chairman of the Supplies Board. He is also a member of the prices board, and he is Director of Marketing in the Department of Agriculture. Under the division which he directs in the depart-

ment come all the marketing activities including the grading of products and the marketing of farm products within Canada. His division also conducts discussions between the federal and provincial authorities in all matters having to do with standardization and marketing of farm products. These are matters with which he can deal when he is before you.

I wish in the first time to recall that this department was reorganized just previous to the war. We had been operating before that time under a number of branches. Just before the war we reorganized the department into four divisions, (1) the science division; (2) the experimental farms division; (3) the production division, and (4) the marketing division.

When the war started the government took the position that in so far as it was possible to do so the divisions of the department would be utilized for the purpose of carrying on any activities having to do with agriculture which would be associated with the war. Naturally the two divisions which have been called most into action down to the present time have been production and marketing. The reason for that will be apparent to all of those who are here.

I wish for a moment to outline to you the different actions that have been taken in order to utilize to the fullest extent possible the trained officials of the different branches of the department, and particularly those two divisions, to make it possible for agriculture to function as effectively as possible in relation to the war. The first matter which was called to our attention very early in the war through the activities of our officials was the fact that there would be some products which had been the source from which homes had been built upon farms in Canada which had been required in considerable volume to supply demands outside Canada which would not be required in great quantity during the war, or during the early period of the war at least. The outstanding product of that kind was apples. The action taken by the government was based upon the idea that we should maintain that branch of agriculture in operation until the end of the war, and in a position to go on and produce for outside markets as well as the home market just as effectively at the end of the war as they were at the beginning of the war.

The outstanding fact in relation to apples is that at the beginning of the war 50 per cent of our apples were going to Britain. When Britain declared war she said she was not in need of apples, and immediately we had to make some provision for apple growers. That provision was made, and I think you will agree there has been very little discussion with regard to the apple growers' position since very early in the war. We have entered into agreements each year which have taken care of the problems which confront them.

The next difficulty which presented itself, or upon which action was taken, had to do with the provision of seed and fertilizer, insecticides and fungicides, all of which have to do with the production of crops. It was found very early in the war that many of the seeds that we had been utilizing in the production of our crops were produced outside Canada, and many of them in those countries in Europe which had come under the control of Hitler. For that reason we had to proceed to the production of seed, and further, to the conservation of the different products which entered into the production of fertilizer, insecticides and fungicides, which are largely used in the production of munitions. It became necessary to give some attention to that right at the beginning of the war.

Then we were desirous of learning first hand at as early a date as possible what the needs of our allies, and in the early stages of the war our most important ally, Britain, were likely to be as we proceeded in order that we might have our production at the time when it was necessary to their needs. Then we had to arrange for the orderly delivery of surpluses of food to our allies, and more particularly to Britain.

Those were the four important tasks which appeared to be on our doorstep immediately war was declared. In order to function to bring about the

results which were desired in connection with each one of them we set up in the department what was known as the Agricultural Supplies Committee on September 9, 1939. That was within a week after war was declared. That committee was reconstituted as a board on March 6, 1940. Very recently we set up the Food Board of which the Deputy Minister is chairman. I only mention that now because some of the functions which at first were performed by the Agricultural Supplies Committee and later by the Agricultural Supplies Board are now performed by the Food Board over which the Deputy Minister is chairman.

I think at this point I should read to you the powers or duties of the Supplies Committee as set up on the 9th of September, 1939, because this will indicate to you what the different boards that you are going to inquire into have been attempting to do. The duty of the Supplies Board was: (1) to direct and regulate through the various dominion and provincial agricultural services and through advisory boards representative of the industry which are already constituted, or which may be established, the production, preparation and conservation of farm products; (2) to establish advisory boards representative of the industry; (3) subject to the approval of the Governor in Council to deal with matters pertaining to the purchase of agricultural products; (4) to take measures with the approval of the Governor in Council to regulate the distribution of feed, seed, fertilizers, insecticides, fungicides and other materials for use in the production of farm products; (5) for the purpose of carrying out the provisions of the preceding paragraph to purchase, store and distribute supplies for use in agricultural production; (6) to initiate and submit to the wartime prices and trade board—this recalls the fact we had the wartime prices and trade board on the 9th of September, 1939, when this order was drawn—to initiate and submit to the wartime prices and trade board measures designed to prevent abnormal relationships in prices of agricultural products, and to prevent abnormal relationships between prices of materials and equipment for use in agricultural production and the prices of agricultural products which would result in unbalanced production.

I read those duties of the board in order to indicate to you the necessity for the setting up of this board and the fact that these matters were in mind from the very first week after war was declared.

In order to do the task which they had in mind as effectively as possible the Agricultural Supplies Board set up, from time to time, other boards or advised the setting up of other boards. Those boards have been set up by order in council. First we had the Bacon Board set up on December 13, 1939. Then we had the Dairy Board set up on May 23, 1940, the Special Products Board on the 15th of April, 1941, and the Meat Board, replacing the Bacon Board, set up on June 3, 1943.

I should like to review for a moment the reasons for the setting up of these boards in the order in which they have been set up. In doing that I would say this: we have followed from the beginning of the war a policy based upon these ideas: first, we desired to adjust production to the needs of the war; second, we desired to regulate the consumption of products essential to our allies to assure the greatest possible supplies where they were most needed. In carrying out these objectives we dealt first with pork products. The reason we dealt first with pork products was because of the fact that Britain was desirous of obtaining bacon and ham from us in certain quantities early in the war. We dealt next with cheese, or we set up the Board to deal with cheese, and foresaw that later on they would probably have to deal with milk as well as cheese, and probably in butter; therefore we called it the Dairy Products Board, and gave it control over all milk products.

The next problem with which we were confronted was that of dealing with eggs. I would remind the committee that when we were first asked to deal with

eggs it was not a question of getting production; it was a question of dealing with a surplus. We had so many eggs in Canada not so very long ago as compared to the consumption in our own country that the price was going down rather than going up, and at that particular time there was no considerable demand for our eggs outside Canada. We set up the Special Products Board to deal with eggs and any other products, other than those I have already mentioned, at any time they needed to be dealt with. The first action taken by the Special Products Board was to negotiate an agreement with Britain under which they would take our surplus eggs off this market. We later on subsidized the price of those eggs in order to get them delivered to the Special Products Board to be delivered in turn to Great Britain. We had only been operating under the fresh eggs provision for a short time when Britain expressed a desire to have those eggs in dried form. You are familiar with the story of dehydration or will get it from the different persons who appear before you from time to time.

The next product with which we ran into some difficulties was beef. In the early stages of the war Britain did not desire beef from us. She was obtaining any beef she did import from the usual sources of supply, largely from the Argentine and Ireland, and did not express any desire to have beef from us, and we had not been supplying much beef previously. Our surplus beef was going into the United States in the form of live cattle largely, and we were not troubled with difficulties in distributing beef until the year 1942. All of the difficulties in connection with that have arisen since that time. When I say that we were not troubled about it I simply mean there was a market for our surplus in the United States, and the price of beef had been satisfactory from very early in the war down to that time.

These boards have been set up in the order in which they have been to deal with the different problems as they have presented themselves or as they have threatened to present themselves. We have attempted to handle these problems as they have come along under these different organizations. You are going to inquire into their operations to find out what they have done, why they have done certain things and what the results have been. I do not need to go into detail with regard to that now.

I should like to point out, however, that when we were merely controlling or regulating the marketing of bacon and ham, pork products, in other words, we could do things which did not unnecessarily disturb the demands for food products at home. When we were only dealing with pork products we were able to say in 1941, "Do not consume more than 75 per cent of what you consumed in 1940," in spite of the fact that the consumption had gone up by—speaking from memory—about 30 per cent in the spring of 1941 over 1940. We simply said to the people of Canada, "Reduce your consumption down to 75 per cent of what it was in 1940." In order to enforce that the board said to packing plants and others who were distributing hog products to their customers, "You can only deliver 75 per cent of what you delivered in 1940." I dare say many people in Canada have forgotten that regulation was there because it did not create any hardship whatsoever. There was plenty of everything else. There was beef, there were eggs in greater quantities than we knew what to do with, we had butter in surplus quantity and we had cheese in surplus quantity at the time that action was taken. There was no difficulty experienced in bringing about regulations of that kind at that time. But then it became necessary to take all the cheese produced in the summer of that year off the Canadian market and send it to Britain. It became necessary later on to do something about butter because we had too much milk going into the production of cheese to result in a sufficient amount of butter being produced to give the people all they wanted to eat. Later on because our beef supplies were not equal to the demands in all parts of Canada, and pork products could not be thrown back on this market,

it became necessary to consider doing something about that. So as we went along into the war the necessity for more control over the consumption of different products became greater.

I think I should state to the committee what the policy of the government has been from the beginning in relation to matters of that kind. We have always maintained from the beginning that in so far as it was possible we should give to Britain any food products which she considered essential to the feeding of her own people during the time that she was being attacked directly by the enemy. So when Britain asked us for more cheese we took all the cheese away from the Canadian people as they could get all the butter they wanted, they could get all the meat they wanted and therefore there would be no hardship in asking them to forgo the eating of cheese for the time being. When they were short of bacon we asked our people to cut down to 75 per cent of the consumption in 1940 and later to 50 per cent in order that we might send more over to Britain. At that time people could get all the beef they wanted, all the eggs they wanted, and generally speaking dairy products at that time because we put cheese back on to this market again through increased production. Therefore there could be no hardship in asking our people to go without, but as we approached the point where much of practically all of our products was being required there arose difficulties which required the putting on of controls which have resulted in some people finding it a little difficult to get all of the different kinds of foods which they require.

The last to be in that class is beef. There is a delegation here at the present time from Britain representing the British government. That delegation is as anxious about beef as they are about any other product. They want to know how soon and how much beef we can send to Britain. The only way we could find out how much and how soon we could send beef to Britain was to ration the consumption of meat in Canada. Rationing is not necessarily carried out for the purpose of reducing the consumption of a product, generally speaking. It may be only carried out for the purpose of seeing that everyone gets their share of a product of which there is enough if properly distributed, and up to date that has been the reason for rationing in Canada. It has not been that our production was going to get so low in Canada that we would not have enough food in Canada, but it has been in order that we might be able to state exactly the amount of food that is going to be required in Canada in any particular year to give Canadians all the food they need, not all they want but all they need. An attempt is made to figure that out putting it on a reasonable basis and then dividing up the different foods in such a way as to give our people a reasonable ration, one which will produce and maintain health in our families and at the same time release just as much food as we possibly can to be sent to our allies and more particularly to Britain. In attempting to do that we have had to adopt rationing. All I wish to say here at the moment with regard to that is that rationing is not carried out under this department. As you know it is carried out under the wartime prices and trade board, the reason being obvious, that they have control over the prices of all foods whether they come immediately from the farm or wherever they come from, imported or otherwise, and therefore must have more or less control over the actual consumption itself. They have been rationing more and more different food products recently from time to time.

There is one product about which I have said nothing up to the moment, or one group of products, and that is cereals. You will note in the very first provision made under the order in council of September 9, 1939, that it was anticipated we might have to do something with regard to the distribution of feed and seed and grain products generally. Something has been done about that, as you know, from time to time. Wheat marketing has always been under the Department of Trade and Commerce since that department was set up in

the latter years of the last century, but wheat production, everything having to do with the production of grains, has been under the Department of Agriculture and still is, of course. In so far as we have been dealing with production in relation to the requirements of Britain and the requirements of our other allies any action taken to cut down production of wheat, or the acreage of wheat, has been taken by the Department of Agriculture.

By Mr. Senn:

Q. Do I understand from the Minister that the export of all kinds of foodstuffs except wheat is under the Department of Agriculture rather than the Department of Trade and Commerce?—A. Since the war started it has been impossible to export products to Britain; it is impossible, of course, to export products to the continent of Europe since Hitler got control, and it has been impossible to export products to Britain other than by agreement. I speak generally. There are a few products that have been going over in the ordinary way, but generally speaking Britain came to us and made agreements and these products are delivered to Britain in Canada at the last port from which they are shipped. Britain then takes the responsibility for their shipment across the the ocean. All of the details of arrangement really take place in Canada. The Departemnt of Agriculture has been making these arrangements and carrying them out, making arrangements first for their production, making arrangements for their delivery, and not only their delivery to the different boards but their delivery to the British government. That delivery is made in Canada and then Britain sees to it that the goods are taken across.

In connection with production we have been asked from time to time to try and bring the production of farm products into line with the needs of our allies, and more particularly the needs of Britain for the time being. One of the necessary activities to bring that about is to try and encourage an adjustment as between the production of wheat and the production of live-stock products. As you know, for the last three years there has been a gradual switch-over from acreage assigned to the production of wheat to acreage assigned to the production of live stock. I am not going to go into the details with regard to that. You have had them many times, and probably will have them again while you are inquiring into the matter from different persons who will appear before you, but I do wish to say that we did what we have done in an attempt to meet the requirements of Britain for dairy products and meat products largely, and poultry products as well.

I want to refer just for a moment—because no doubt some of you have read it, more particularly the western members of the committee—to an article which came out of the meeting which was held recently at Hot Springs and has appeared in all the western papers. It is headed, "More wheat and less live stock." I do not know that it is misleading if it is read from beginning to end and digested carefully, but if one simply reads that headline, reads the words in black print and does not read anything else I am afraid that it not only gives a wrong impression but will do a great deal of harm to the plan which we have been attempting to work out in the last three years. I may say that some of the men who are mentioned in this article have been in Ottawa since. I have had the privilege of discussing the matter with them, and I am quite sure what I am going to state to you is the interpretation which was intended to be put upon the finding which is referred to here. The article is dated Washington and was written by Mr. Chester Bloom, who at one time was in the gallery here but is now down at Washington.

> So far as the Canadian prairie west is concerned the most important paragraph in the report of the production section of the United Kingdom Food Conference at Hot Springs, Va., is that which urges "increasing the acreage of crops for direct human consumption and actually holding back the rebuilding of reduced live stock herds".

If one reads that carefully he knows what it means. It does not refer to Canadian herds because it speaks of reduced live stock herds, and our herds are not being reduced, they are being increased; so obviously it was not intended for our consumption here and particularly western Canada. In black print it is said:—

> Specifically that is a plea to farmers everywhere to raise more wheat instead of live stock. Though it is aimed primarily at other world areas it applies no less to western Canada.

Naturally, anyone reading that and going on to read the article will read into it an emphasis being placed upon the immediate increase of wheat growing in western Canada, but there has been no change in policy down to the present and there is not likely to be in the immediate future any necessity for a change of policy from that which has been followed, namely, that we in Canada should be producing all the live stock and live stock products we can even to the exclusion of some of our wheat acreage; the reason being just exactly what is said in this resolution—if it might be called a resolution—which was published down in Hot Springs; exactly the same reasons as will apply after the end of the war, or toward the end of the war, or in some of the European countries, has been true in Britain ever since the war started. Britain found that she had to produce cereals as she was threatened with blockade, and as I have said to the house before a pound of cereal will keep a man alive in an emergency just as long as a pound of meat but it takes from 5 to 8 pounds of grain to make a pound of meat; so that in Britain they had been producing grain to the exclusion of meat products, and they have asked us to produce protective products or meat and dairy products and send them over to them in as great a quantity as we can. That is what we have been doing down to the present, and that is what we must do if Britain is to get food from us down to the time when victory is at least apparent.

What has been suggested here, as I understand it, is that these other European countries, France, Belgium, Holland and so on, as they come back under the influence of the Allies should put the greatest emphasis in the first years after they come back upon the production of cereals, because it is by producing cereals that they can most effectively assist in feeding their own people; and then as we, because of shipping becoming available, are able to get our cereals as well as our meat products over to them they will naturally shift back into their own ordinary activity in connection with agriculture and produce meat and dairy products as they did before the war.

And so, what I am trying to emphasize is that this was advice not to farmers in western Canada as the article here tends to indicate, but it is advice to people who are going to come back under the influence of the allied countries as the war progresses, and advice to be followed immediately the war is over in those countries. And so I would like to emphasize the fact that we who are charged with directing policy in Canada think it most essential that wheat acreage should not be increased, and that there should be an increased production of live stock products, more particularly dairy and meat products at the expense of wheat to-day.

I do not know that I can say anything in regard to the last two items that are on your agenda. I would point this out that in connection with number 5; that authority be given to review agricultural research activities; that there has been carried on by the experimental farms branch at the various centres of the branches throughout Canada over a long period of years experiments having to do with all the matters that I think you have in mind discussing under this head. Some men have come to me very recently who have been approaching us in connection with the agitations with regard to chemurgy, and they stated that they

were surprised to find how much had already been accomplished and how much experiment work had been done on the experimental farms in Canada in relation to this matter. These experiments have been carried on during a long period of years and there is information available based on that which I am sure can be made available to this committee.

Authority has also been granted to review the administration of farm equipment rationing; that is under the prices board. I think I said to the committee before that we have had in our department, since the beginning of the war, or from the beginning of the appearance of a shortage in farm equipment, a man who has been assigned to the task of keeping the needs of agriculture before the controller who has the matter in hand. The delegations that have come here from the different parts of Canada—and the representations made to our department have been placed before the controller by our man. Some of our experimental farms have been very close at all times to the needs of the farmers in connection with farm implements. Their findings are available to our representative and he has appeared before Mr. Bloom and others and made representations as to the needs of agriculture in connection with machinery. I think any information which he can give you—he will be very pleased to give during the time that you are making enquiry. I think that is all I have to say at the moment and I would say however that I hope to be able to attend most of the meetings while this discussion continues and will be here for questioning at any time.

Mr. SENN: Mr. Chairman, before the minister leaves, I was going to make a suggestion to him that I think would be of advantage to the committee. He has spoken about the number of boards that have been set up for one thing or another under the Department of Agriculture and I was just wondering if the minister would be good enough to place on our records a list of the boards with their chairmen and their members, and also a list of the advisory committees that have been set up to these boards; and also, if possible, and if it does not take up too much space, copies of the orders in council setting up these boards and as well setting up the advisory committees operating under these boards.

Hon. Mr. GARDINER: I have copies of all the orders in council here and I had thought at one stage of reading them into the record, but I thought they were rather too long for me to do that.

Mr. SENN: Would there be any objection to having them made available to individual members? They are not private?

Hon. Mr. GARDINER: I think there is no objection to that. Dr. Barton is coming before you next and I was going to suggest—I understand he has not the names with him at the moment—that he see to it that there is put on the records the names of the different boards and the names of the advisory committees that have been set up, and the names that have been submitted to us by the provinces of the persons who are being consulted; and also that copies of these orders be made available to you if not placed in your records.

Mr. SENN: I think that will help the committee.

The CHAIRMAN: Are there any other questions anyone would like to ask Mr. Gardiner at this time?

Mr. Gardiner, we thank you very much indeed for the clear outline that you have given to us, and extend our thanks for the time being and hope that you can be with us at least at some of the meetings that are held from now on.

May we have Dr. Barton now.

Mr. Ross *(Souris)*: When you are tabling the orders in council under which these boards are set up, will the Minister of Agriculture be good enough to include also the amendments that have been brought up to date?

Hon. Mr. GARDINER: Yes, I think the amendments should be included. They will be supplied to you with all the amendments to date.

Dr. G. S. H. BARTON, Deputy Minister of Agriculture, called.

The CHAIRMAN: We are now going to hear from Dr. Barton. He is quite well known to most of the members of the committee and I am going to suggest that he first give his official title and the capacity in which he is appearing before the committee.

All right Dr. Barton:

The WITNESS: Mr. Chairman, first of all, I am appearing here as the Deputy Minister of Agriculture.

And now, I have not any special assignment and the Minister has covered broadly and pretty fully the matter of policies and programmes and given you a pretty fair idea of the set up of the departmental machinery as well. I had thought that perhaps the best contribution I could make at this time would be to make some review of these boards, their background and origin and their functions in a general way, and their relationships. It is understandable to me that there should perhaps be some confusion in the minds of you people in respect to these boards because we have quite a number of them. There is only one observation I would make there, and what I am going to say is purely from the administrative standpoint; with respect to the boards now. The Minister covered them all in a general way and what I have to say will be supplementary to what he has given you. These boards, each and every one of them, as the minister implied, were established to meet a definite need that was apparent in the department; in other words, they were established for particular purposes. As you know, every one was established by order in council. There is only one thing I want to add in that connection and that is this; under the orders in council establishing these boards the general regulations covering the operation of the boards were authorized of course in the orders, as probably some of you know; in addition to that the boards were given powers to make what might be called operative regulations which could not be anticipated in all cases and included in the original orders in council. Now, in all of these so-called operative regulations of the boards, the regulations are subject to the approval of the Minister of Agriculture. The boards are Department of Agriculture boards and as such operate under the administration of the department and are responsible to the minister.

One other general point I might make here which may be interesting to you is this: the government provides the administrative expenses of these boards but it does not provide the money to purchase the product. It does provide some financial assistance however for the operation of the boards. In other words, these boards may find it necessary, for instance, to take special products, to buy them for what might be to some extent anticipated developments. For instance, they have found it advisable in several cases to arrange to have products dehydrated partly experimentally, and though at very little cost; where there were no orders on hand. In such cases it was thought the government should and the government did provide funds to finance the undertaking; and subject to this condition that the government would be reimbursed fully if possible and in most cases that has been done. In some cases like feed products projects ran for two years and you could not determine just what the actual cost might be or the actual returns might be in respect to them; but as far as that has been possible that has been the basis upon which funds have been granted.

And now then, administrative costs: I do not know whether you want to go into that or not. The supplies board has a great variety of these purely administrative functions; for instance, in the handling of the feed business there are administrative costs quite apart from the actual freight and handling and those costs are purely administrative. And then there are the general

administrative costs of the board. These are chargeable to government account, but those are all expenditures of the board which are chargeable.

By Mr. Senn:

Q. Are those figures all included in the figures that are given in the War Appropriation Bill setting out each of these boards?—A. Are they which?

Q. Are they all included in the figures that are in the War Appropriation Bill?—A. They would all be accounted for; yes.

Q. For instance say the agricultural supplies board, there is a definite amount set there?—A. Yes; the appropriation, you mean

Q. Yes.—A. That is the general appropriation. It is very difficult for one to determine what these appropriations will be. There is an amount of money set aside for the supplies board.

Q. And there is more than what is included in the War Appropriation Bill?—A. No; I think that would cover it all.

There might however be some emergency develop which would require some additional funds. The procedure then is that the supplies board expenditures apart from the routine expenditures are authorized by council under that appropriation the same as would be true of other general appropriations. These boards all make reports, as probably you know, and these reports are included in the report of the Minister of Agriculture. I have the 1942 report here. I think probably you have all seen it. You will find the reports of these boards there for the 1942 year.

And then there is one other observation I would like to make and it is this: the minister told you that the supplies board was set up soon after war was declared. Immediately following the establishment of the board, conferences were held with the Provincial Departments of Agriculture, because the supplies board as a production agency had to operate very closely in conjunction with the provincial departments. There was a conference held and the whole question of procedure and relationship and plan, in so far as it could be considered and developed at that time, was gone into. There was one general understanding reached at that conference which I think is important and it is this: that in the production program the provinces through the provincial departments of agriculture respectively would assume immediate and major responsibility for the actual program itself.

It was understood, of course, that all dominion men working in the provinces would co-operate with the provincial people, and that from headquarters any men who we might have who were specialists or had particular information would be made available to the provinces. That was the basis of co-operation established. There was no departure in it from the regular procedure because that is the general operational basis of our relationships. The Departments of Agriculture in the provinces are much more strongly manned than the dominion is with regard to field services. That is true of the great majority of them, if not all of them, and I think it is true to say that their major activity is primarily production. That was the working arrangement made at that time, and that is the working arrangement which has been followed since. We have had further conferences from time to time, sometimes to consider some special production problem, and sometimes a general one such as we had last December when the whole program of production for this year and the whole need of supplies was reviewed and plans agreed upon with definite production objectives in the various provinces established.

The Minister has mentioned that I am chairman of the Agricultural Food Board. That is the youngest board, established this spring. That board was established because it was thought necessary to have some such machinery in the Department of Agriculture. The need for that perhaps became definite because of the review of the relations between the wartime prices and trade

board and the Department of Agriculture with respect to both food and agriculture, and as a result of that review the respective fields of the two organizations were more definitely defined than they had been before and this Agricultural Food Board was set up to assume assignments that then came to the Department of Agriculture which before that were handled by the prices and trade board. It was also necessary to have some specific piece of machinery in the department to deal with the wartime prices and trade board in the relations that were outlined at that time.

The Minister read the functions and duties of the Supplies Board. I am going to read the functions and duties of the Agricultural Food Board and I will make a comment or two as I go along.

The first one is this: (1) subject to the approval of the Minister of Agriculture and in co-operation with the Agricultural Supplies Board, to develop and direct policies and measures of the Department of Agriculture for the wartime production of food. In other words, the food board is now the general presiding organization, you might say, within the department for food production programs, and in developing those programs and in implementing them it is working in close co-operation with the Supplies Board and using the Supplies Board machinery, and the Supplies Board will continue to function as it has in relationship with other agencies. (2) To co-ordinate the activities of all commodity boards established under the Department of Agriculture. It has to be borne in mind always that those are really marketing boards. That is how we might regard the Bacon Board; now the Meat Board, the Dairy Products Board and the Special Products Board. These are really marketing boards; they are administrative organizations. Their primary function is to obtain supplies, not assume responsibility for the production of them, but to obtain them on the markets here and forward them to fill the agreements that are entered into between the Canadian government and United Kingdom or other allied governments or agencies. So that the Bacon Board or Meat Board, the Special Products Board and the Dairy Products Board are not production boards primarily. They do come into the production field in so far as marketing activities affect production, and they may affect it very directly, of course, in price arrangements and that kind of thing, but the question of a bonus, let us say, or some financial assistance, is quite apart from the marketing activities and operations that are involved within these boards and they are not responsible for that provision or for any arrangements in connection with it.

These boards have always had a relationship to the Supplies Board because the Supplies Board was the general production board, but they were not tied in very definitely with it on a personnel basis, at any rate. When the Agricultural Food Board was established it was felt that a more definite tie-in should be arranged of all these boards. That has been done through personnel. The Agricultural Food Board has six members on it, three of whom really sit on that board as heads of their respective boards. In other words, if a dairying question is being considered—let us say it is a subsidy for milk or it may be butter or something else—when any dairying question is considered by that board the chairman of the Dairy Products Board is a member of that board. When any question as to the production of hogs, let us say, or cattle or something of that kind comes up then the secretary-manager of the Meat Board is a member of that board. If it is a question of eggs and poultry the chairman of the Special Products Board is present; so that we have through the arrangement of personnel in that way insured that we have co-ordination of all board activities. (3) To direct the diversion of food products in Canada. That is one of the things we do under our agreement as approved by the two ministers, the Minister of Agriculture and the Minister of Finance.

By Mr. Leger:

Q. May I ask a question? You say you have men from each and every board as a member of that board? Does that mean as a member of the Agricultural Food Board?—A. Yes, for the consideration of products with which he is concerned. This has to do really with our relations with the prices and trade board in the division of the field of activities. We naturally come together in a good many places and a good many ways. First there is the filling of contracts or agreements for export. We had that before but that is continued and definitely specified as the Minister has made clear. Our boards handle these export commitments. The product is delivered at seaboard. We have charge of all inspection.

I might say in connection with administration expenses that we use all our Department of Agriculture services, and as a department I claim with some justification I think that for the war work we are doing we have employed fewer additional staff and spent less money over and above our regular appropriation than any other department of the government. I believe that fact can be substantiated. We have utilized our regular services to the full. We have said, "Here is something that is urgent. If what you are doing now is not vital at this time it will have to stand for the time being." In spite of that we have had to bring in a few men with special qualifications for special jobs, and we have had to add in some cases to our regular staff. There has been a big increase in matters like cargo inspection and all that kind of thing. Bacon has to be inspected at seaboard and other products in the same way, but we have carried on with our regular staff with the exception of the addition of a few people with special qualifications and some men added to our regular service.

The second thing is that we divert these food products to meet the requirements of the armed forces in Canada and other priority needs.

The third is at the request of the wartime prices and trade board diversion from areas of supply to deficiency areas in Canada. The reason why we take charge of the diversion is because we have the people who are in services close to these products, in packing houses and in the various factories of one kind or another where we maintain market service. We have the personnel. We are using them in this work in the way I have just indicated.

The fourth is to advise the wartime prices and trade board as to significant developments in the prospective food supply situation. That is put in because it was felt that since we are the people closest to production we ought to be in the best position to determine what the supply position is at a particular time or in prospect. You are all practical men on the agricultural committee, and I know you will realize at once what a problem that is and the difficulties involved in it. We simply have to do the best we can. We can go very far wrong in the matter of our determinations and estimates but it so happens we have got a pretty well manned service across the country in our various marketing activities. We have got men who are production field specialists who are close to the provinces. Through all these agencies we endeavour to determine what our prospective production position is likely to be.

The fifth is to confer with the wartime prices and trade board with respect to price adjustments and subsidies, to increase the production of agricultural products within established price ceilings and to make recommendations to the Minister in connection therewith. Our procedure in that regard is this; we do not sit down as a board and determine a subsidy even if we have consulted the representatives of the people concerned, the producers, and probably the marketing people, without reference to the prices and trade board. The procedure is that we are supposed to go to them. We make our own finding. We do as a rule and then we meet with the prices and trade board and we say, "Here is the product position; this is what it is." Let us say it is canned peas, or something

else with which we have dealt. We go into the production on the present basis under the price ceiling. They say, "What production do you think you can get?" We attempt to answer that. Then the next thing is, what production does the prices and trade board want? They are the supply people. If they say, "We are not interested in canning peas; we can get on without them," then we have not got much case for bonusing peas or dealing with the production of peas on a cost basis of any kind.

They are in charge of supplies for the civilian population. If it were a war order for export then we would have a different approach. If they take the view that the ceiling cannot be changed, and naturally that is the usual view taken in most of these products, then we say, "If you want these peas and you want them in such a quantity here is what we find to be necessary in the way of special assistance." The prices and trade board may or may not agree with us. They may feel if we overdo the subsidy thing we are probably throwing costs out of relationship and will affect their position in their control of prices, and so on. If they agree then we proceed to make a recommendation to the Minister and if the Minister approves it goes from there to council for consideration and approval. If they disagree we make our recommendation just the same to the Minister and if he approves our recommendation the same procedure is followed and at the same time the prices and trade board has a right through their Minister to make their representation. The matter is finally decided in council with respect to a subsidy.

And finally, there is general provision here just to provide a medium through which co-operation between the Department of Agriculture and the Wartime Prices and Trade Board may be maintained. We have to co-operate, as it is desirable we should co-operate and that there should be a maximum of co-operation between our two organizations; because while we represent the approach to the problems from different points of view they are so closely allied and dovetailed that it is in the interest of us all that we should undertake the study as a whole, and it is highly desirable that we work together and that we reach agreement on these various things if it is possible to do so.

And now, with regard to subsidies: I would say, that we have not been very long in operation and so we have not dealt with subsidies to any great extent. The first consideration that came before us was with respect to the canning crops; and by that I mean peas, beans, corn and tomatoes. And now, the procedure followed there was this: we met the producer representatives and some canner people who are concerned with these products, and we made a review of the whole situation with them and got the best information we could from them; and then we discussed the whole matter of procedure and finally reached a decision that the board support a recommendation to subsidize—and these subsidies have been based, take in the case of canned peas, on the 1941 price because there was a small subsidy given last year by the prices and trade board—they dealt with these subsidies last year—and so there was a basis for prices in the subsidies which were paid last year. This year the subsidies were based on the same 1941 price, but they were increased with respect to all four products.

Now, the next group of products that was dealt with were the dairy products and they included butter, concentrated milk and whole milk for fluid consumption. We reviewed the whole dairy product field at that time as these are all tied together, these products, as you know are closely related, interlocked and interdependent, and so one cannot be considered without reviewing the others at the same time. The second thing we had in mind was this; we thought it was highly desirable to establish these subsidies for a twelve-month period so that there would be a settled price basis for the farmers for a period of twelve months in advance; and that was done. The detail you have had before you and I do not suppose I need to read it here.

The third question of subsidies with which the Board has dealt are subsidies having to do with the production of berries and jam, and which is of special interest to certain particular areas. These were dealt with in the same manner as the others and subsidies were recommended. These subsidies are paid by the treasury officers of our department on our recommendation and approval, and we handle them there again through the regular services; in other words, our dairy department is responsible for the administration of the subsidies relating to dairy products, and they are responsible for verifying and approving payment of subsidies and they report to the Treasury Board. Then, with the marketing service, the live stock service and others, it is the same with respect to them. Canned products and berries are handled through our fruits and vegetable service.

I do not know that there is anything more I can say at the time, but since I am speaking supplementary to what the minister has said, and since I happened to head the delegation to Hot Springs perhaps I might venture a word there, and my one word would be this, in confirmation of what the minister has said; that under the terms of reference to that conference the production of food for war purposes and relief matters were not included, so that there was no consideration given to wartime production of food. It was the duty of this conference under the terms of the reference to deal with the post-war period. The post-war period may be a somewhat indefinite thing, as we soon discovered when we began to consider it. It is a very difficult thing to define or determine just what constitutes a post-war period. We have a period now just emerging in some countries, and one which will be apparent in all countries when hostilities cease. In North Africa one can see something of the post-war issue; you have a transition period and there is going to be a transition period in some of the countries if not all as they become free; and there will be a general transition period. All I want to say in that regard is this; that great shortages of all kinds are anticipated in the areas. The reference which received particular mention by the minister was intended definitely and absolutely to apply to the countries under occupation at the present time.

By Mr. Tustin:

Q. I would like to ask Dr. Barton one question: I was interested in his remarks when he said that he had set up a committee in the Department of Agriculture to settle with the Wartime Prices and Trade Board as to the cost of production, and that in his committee in order to get the necessary production certain steps are required and in that respect the Wartime Prices and Trade Board sometimes agreed with them and sometimes they did not. And now, the question I want to ask, Mr. Chairman, is this: Do the Wartime Prices and Trade Board have an investigating committee to go into the cost of the production of these commodities; or, if not, on what do they base their opinion for disagreeing with your committee?—A. In so far as I know they have no committee of that kind; and I might say that we have not as much study as we would like to have; then, too, cost of production figures are very vague things sometimes.

Q. I mean, with regard to subsidies?—A. Yes, with regard to subsidies; but there are two points of view on that procedure, I suppose—I am not presuming to speak for them (the Wartime Prices and Trade Board) but the two conceivable points of view which they might disagree with us would be these—they might say that they are not in favour of the subsidy because we can do without the product; and if they say that we have not much grounds on which to disagree with them. The second thing is they review the proposal from the cost of living standpoint. That is how they do it; and if they thought particular subsidies were going to disturb the level of prices in this country, that they might have some undesirable relationship to their prices policy and might have some effect on the prices of other products they would probably disagree with us.

By Mr. Cruickshank:

Q. Mr. Chairman, might I ask a question while Dr. Barton is on the stand: as I understand it, the Wartime Prices and Trade Board in fixing their price ceiling did not take into consideration the cost of production at all. For instance, let's take milk, they arbitrarily set the price of milk at 10 cents; and let us say that we presume for the purposes of illustration that your board, that is the agricultural board, says that the farmer requires 11 cents a quart to produce that milk; do you not think that such a thing should be taken into consideration? —A. In establishing ceiling prices do you mean?

Q. No, in establishing subsidies.—A. Yes, they would take that into consideration but they would rely upon us for the most part for that information.

Q. Another question there, Dr. Barton: in studying prices do they take into consideration a fair margin of profit, if there is any profit in it at all—would it be possible to take that into consideration in arriving at the amount of the subsidy?—A. Well, profit is like the cost of production in connection with a good many agricultural products, it is rather a vague thing, when you say profit the question arises: whose profit? You see, about the best you could do is to strike an average that is reasonably representative of conditions generally throughout the area where the market is. Our view of it is simply this, that we are concerned with the farmer and personally I regard it as a matter of financial incentive necessary for production.

Q. And now, another question, the cost of production in various parts of Canada varies widely; is that taken into consideration in setting a subsidy? Does it, as a matter of fact, cost more to produce milk in some parts of Canada than in others? The retail price is set in the various cities throughout Canada; and apparently your board and the Wartime Prices and Trade Board are acknowledging that fact in setting up the retail price in the different parts of Canada; that must be allowed for, because it has been established; do they take into consideration the various costs of production in the different parts of Canada?

Mr. McNevin *(Victoria, Ontario):* Mr. Chairman, I wonder if before that question is answered I might make just one observation: in view of the fact that it is now twenty-five minutes after twelve, and in view of the further fact that this meeting was really called for the purpose of hearing the minister, the deputy minister and Dean Shaw; and in view of the fact that Dr. Barton and Dean Shaw will be available for further questioning at a later stage in our proceedings, should we not carry through with the original plan and now hear from Dean Shaw? I make that suggestion to you, Mr. Chairman.

Mr. Senn: Well, in connection with that point, I would like to know whether these gentlemen will be available at all times; otherwise, we should put our questions to Dr. Barton now. Would you mind asking Dr. Barton, Mr. Chairman, if he is going to be here and if he will be available?

The Chairman: Just whatever the committee wishes.

Mr. Cruickshank: As far as I am concerned personally I am interested in dairying. And I don't know whether we are going to get these reports printed and up here for us to use any faster than was the case with the report in connection with the grain board; but so far as I am concerned these reports are going to be no use to me six months from now, I want to have them to work on while these gentlemen are before us in the committee. I have some questions I want to ask Dr. Barton and I want to be able to see what his replies to them are in our printed record; and so far as I am concerned I want to be assured that I am not going to have to wait six months to get that. If I do not know what he says, what line the proceedings take, how am I going to be able to ask my questions?

The CHAIRMAN: Dr. Barton is still here and I think it would be agreeable to have any further questions asked of him that members wish to ask. I think Mr. Cruickshank had a question for you to answer, Dr. Barton.

The WITNESS: I would say this, Mr. Cruickshank, that the cost of production on all these different products certainly cannot be ignored. It has to be recognized, it is there in any financial incentive consideration; but I would not go so far as to say that subsidies are determined on the basis of the cost of production figures submitted.

Mr. LEGER: By what method do you determine the differentials between various sections of the same province, or between the different provinces or different parts of the country; such as between western Canada and the east, for instance?—A. That is a question that has given us a great deal of difficulty, and it is one which came up in connection with canned food production. You have in some areas undoubtedly a lower cost of production than in others and the question is whether you are going to place the bonus on a zone basis or on a national basis; the policy thus far has been to adhere to the national basis. Whether we are completely right in that or not I am not prepared to say. There are certainly objections to the other policy and obvious difficulties in executing it; the basis upon which we have operated this year inevitably in a product like some of the canned products results in something of a compromise as between Quebec and Ontario and British Columbia; they are the provinces principally concerned; and we have tried to reconcile all these interests and to make some reasonable adjustments between them and set a basic price where they will all be given an opportunity to produce. Of course, the only justification of any bonus is because of wartime requirements. Under ordinary conditions these areas would take their choice of either staying in the canning business or get out of it on the basis of the cost of production, depending on how the market is available to their various products.

By Mr. Cruickshank:

Q. As I follow you, you say that the basis of the cost of production is on a national basis?—A. The subsidies are on a national basis.

Q. Do you take the cost of production into consideration in basing your subsidy on a national basis?—A. Oh yes.

Q. And you also said as I understand it in setting your ceiling price; or rather, the Wartime Prices and Trade Board in setting a ceiling price—do they set the retail prices on these?—A. They set the prices.

Q. They do it on a national basis?—A. That is, they set the ceiling prices.

Q. There is another question I would like to ask you: it seems to be the forgotten end in this business, for my part I fail to see any difference in it, but what I cannot get is this; I suppose you consider the quality of milk in setting the prices—and I appreciate the fact the prices are set by the Wartime Prices and Trade Board—but what I want to get at is this: do you differentiate in the quality of the milk in setting the prices, or do you take the 3·5 milk and settle the price on that basis?—A. Our subsidy is based on the milk delivered to distributors.

Q. I don't get that.—A. Our bonus is paid to the producer on the milk that goes into the fluid trade. We have nothing to do with marketing.

Q. What I am trying to arrive at is, is 3·5 milk to be treated as a standard milk; and therefore we have on a certain basis say in one case a premium of 2 cents higher or, 10 cents for it; or as I see it, it must apply, using the figure that is standard, 3·5 milk—what I am trying to arrive at is the net worth in the can of evaporated milk, the same grade of milk, exactly the same as it is in a quart bottle here and the cost of the production is exactly the same; I am speaking of the possessor and the distributor; is not that taken into consideration?—A. You are speaking of the fluid market.

Q. No, I am speaking of milk as it is put into the can. If you have a quality of milk which grades 3·5 milk, if you have that milk going into a bottle for distribution in the city of Ottawa, it is the same milk and it costs exactly the same to produce to the farmer and to the processor; is that taken into consideration?—A. We add 25 cents a hundred on a production basis. It is delivered to the distributor and he handles it after that on any basis he likes.

Q. I want to make that point clear; do you pay that to the distributor whether it is evaporated or fluid?—A. Oh no; they are two separate subsidies, one is fluid milk which is operative now and will run for twelve months from the 1st of May; and the other is on concentrated whole milk products, whether evaporated or dried, that subsidy is the same, 25 cents—on milk delivered to the processor—it is 25 cents irrespective of test and that begins on October 1st and runs to the 1st of May.

By Mr. Cruickshank:

Q. Maybe I am dense but I cannot just seem to get it—you say the period through which this is operative is from October to May?—A. Yes.

Q. What I am trying to get at is as far as the province of British Columbia is concerned that we cannot see in British Columbia any difference in the cost of the production of milk whether it goes into the evaporator can or whether it is peddled in quart bottles in the city of Vancouver. As we see it, the cost of production is the same, it costs the farmer just as much to produce milk whether it goes into a can to the evaporator or whether it is delivered to the retail outlets direct to the consumer at a city point.—A. There are variations as to the cost of production. However, what you say in respect to British Columbia is quite true; I do not think there is any difference in the cost of milk going into fluid consumption or going to the evaporator for concentration. That is not true in other parts of Canada. If we were to recognize that cost factor as practically the same in each case and pay the same subsidy during the summer for milk being concentrated as for fluid milk what would happen is this: in other parts of Canada we would be establishing a preferred market for concentrating purposes and in doing that we would be drawing milk away from our cheese factories near which these concentrated milk plants are largely located outside of British Columbia.

By Mr. Senn:

Q. I would like to ask Dr. Barton a question on the matter of subsidies; I understand that subsidies are usually paid on a definite product, a farmer's product, is that correct?—A. No, they are on the product delivered to the processing factory.

Q. They are on the product delivered to the processing factory?—A. Yes.

Q. In all cases?—A. In all cases, that is right.

Q. That is news to me, I thought it was on a definite product.—A. The prices board themselves paid some subsidies on the finished product.

Q. That is what I thought.—A. I should say this, payment may be made to the processor; we have done that with cheese, it has been done for butter and will be done for other agricultural products as well.

Q. I know, but after all you pay the subsidies or bonus on the butter and not on the milk that goes into the factory to be processed?—A. It will be on the butter fat delivered.

Q. It is paid to the producer?—A. Through the creamery to the producer.

Q. And we have the same process in so far as its relation to canned goods? —A. Yes.

Q. And you make every effort and take every precaution to see that the farmer gets the benefit rather than the processor himself?—A. We certainly do.

Q. In what way do you do that?—A. There are various ways of doing it. The first thing is the fixed price basis, or the specific prices which the canners or manufacturers are paying for butter fat and so on; and it shows as in addition to that claims have to be supported by the necessary documents—purchase vouchers and payment receipts and so on—to satisfy our treasury people as to the validity of the transaction. And now, if the farmer does not get paid for all he delivers, and if the canner does not include him—I suppose you can rest assured that we would hear from the farmer. We approach it from that end, the processor.

By Mr. Leger:

Q. How about the bonus on butter — that is on the cream content, is it not?—A. On the fat.

Q. And you pay 10 cents a pound, I believe?—A. We pay 8 cents during the summer and 10 cents during the winter.

Q. You do not pay a bonus on dairy butter, do you?—A. No.

Q. Well, what is the idea of not paying a bonus on dairy butter? For instance, there are some districts, especially in my riding, where they cannot ship cream in the winter-time, the roads being closed and the creamery being 25, 30 or 40 miles away, and they have no way of getting the bonus on their dairy products. You are rather penalizing these people in the outlying places who have no facilities for getting their cream or butter fat into the creamery and are debarred from taking advantage of this 10-cent bonus in the winter-time particularly. Personally, I think that is more or less of an injustice, and a matter which should be seriously considered when you have anything of that sort in mind.—A. Well, I think it has to be recognized that your point is well taken, particularly in some localities. One of the difficulties, of course, that is presented to us there is to be able to get the information. I mean to say, getting some basis on which you can pay it; when you are operating through the processor or the creamery people you have documents. You may say that there are a lot of people on dairy farms who make what we call dairy butter and take it to the store and sell it; and you might say that the store-keeper would be in a position to vouch for it. Well, that is something; but we have not paid any government money on subsidy on the document of an individual.

Q. Then may I ask you, how do you pay your bonus on milk?—A. On milk, through the distributor's documents.

Q. In Moncton, for instance, we have a milkman who delivers milk; the farmer himself may also be the milkman and do his own distributing of his own product; how does he get paid; through the bank?—A. Yes. His returns are submitted through a provincial board or commission arrangement in the first place. I would have to check up to make sure which. There is provision in each of the provinces for checking these returns.

Q. I understand that in Moncton for instance the milkman, at the end of the month, gets his coupons; he sells a certain quantity of coupons to a resident who takes a certain quantity of milk and gives these coupons in exchange. At the end of the month these coupons are presented to the banks where they are checked and paid, and, if in order, he gets his money. Why do you not use the same process to check butter? For instance, for the sake of argument, let us assume that the farmer has a customer in Moncton to whom he sells a certain amount, say 3 or 4 pounds, of butter every week. Every time he makes a sale to such a customer he would receive certain coupons to show that the butter had been sold and then he could go to the bank at the end of the month and present his coupons on his butter sales and then be in the same category as the milkman is to-day, collecting his subsidy for butter production on the basis of the coupons representing his direct sales.—A. Well,

in reply to that, about all I can say is that we have nothing whatever to do with the coupons, that is a prices board arrangement, that is the consumer end of it.

Q. Well, that would be one way of bonusing everybody.—A. Yes, it is possible for coupons to be used as you say.

Q. Is the Department considering that at all?—A. No, we have not considered it. I do not think the market for dairy butter is anywhere near what it is generally thought; there are not so many people throughout Canada making dairy butter today as there used to be, most of them are sending it into the creameries; and I do not think there is any question about the fact that that is a desirable development in general? The dairy butter position to-day is not anything like what it used to be some years ago; that really is a pioneer condition, and one which is passing. There are a lot of scattered areas where they make dairy butter and there is some good dairy butter being made; but there is also an awful lot of dairy butter being made that could hardly be put in that category.

By Mr. Senn:

Q. Do you think the estimate of the Bureau of Statistics with respect to the production of dairy butter is correct or nearly correct?—A. I do not like to take issue with such an organization as the Bureau of Statistics, but I do not think they have a great deal upon which to base figures, it is an approximation. There is just one other point on this question of the sale of dairy butter and arrangements for its marketing, in the question of ceiling price on dairy butter and arrangements for marketing; the fact that there is no bonus was taken into consideration, and last spring the return for dairy butter was not out of line with what the creameries were getting, including the bonus.

By Mr. Perley:

Q. The dairy butter producer cannot always sell it and what he has left over usually goes to the local merchant. There are lots of people living say 15 and 20 miles away from a town who cannot possibly sell their milk from a can and they dispose of it locally by delivering butter to the general store. There is so much butter coming in that in many instances the merchants were turning it back. I remember on one Saturday I found a farmer who had to take back with him 15 pounds of butter and it was good butter. I think the angle which has just been raised by Mr. Leger is one which is well worth considering.—A. Of course, there is a provision for marketing that butter now.

Mr. PERLEY: There is provision for it?

The WITNESS: Yes, now the prices and trade board will take it off the merchants' hands, but not at the retail price; they will take it off their hands at a price of 3 or 4 cents below the retail price and that butter will be used for industrial purposes by bakers and people of that kind, supplied by the prices and trade board.

By Mr. Quelch:

Q. Why does opinion differ between the Wartime Prices and Trade Board and the Department of Agriculture regarding the prices to be paid; does the final decision rest with the Wartime Prices and Trade Board?—A. You mean the price of the product.

Q. Yes.—A. It does.

By Mr. Leger:

Q. I would like to continue with my point again, if I may: you take the province of New Brunswick in the counties of Kent and Westmorland adjacent to the city of Moncton, where we have all our dairies in the city of Moncton; there is the farmers' co-operative, the general dairies and the Swift people who all

make butter. In winter time, as most of you know, only the main roads are open, the back roads being closed; therefore our farmers are forced to make dairy butter. That is true even of those farmers who in the summer time send milk to the creamery by car to Moncton; in the winter time they cannot do that. Peronally, I think a coupon system could be established and that the farmers living away from the main road should not be penalized because of the fact that their access to the creameries is cut off in the winter season.—A. I have no complaint with your argument. It is not a simple thing, I would like to impress that upon you. In the first place we do not pay a bonus on butter, except number 1 butter.

Q. You do pay on butter fat?—A. On number 1 butter.

Q. On butter fat?—A. On butter fat, that is right.

Q. On a pound of butter fat that is what?—A. I was referring to another application of farm assistance we have. It is true that there will be some areas in which there will be some hardship. Now, in these areas about which you spoke, there is no great quantity of butter made down in your area in the winter time, it is not a winter producing area.

Q. Well, I might say that for a number of years our farmers did produce a lot of butter in the winter time. I know that many of them plan their operations so that their cows will freshen in the fall. Some of the farmers produce a lot of butter, I know that some of them produce as much as 50 pounds a week.—A. We were told last spring here, and reference was made in the House, that there was a great quantity of dairy butter for which there was no market. When we investigated we were very much surprised to find how little dairy butter there was available. It is scattered here and there and all over in these little areas. When you begin to work on a coupon basis—I do not know whether it can be worked or not—we are not in the coupon business ourselves, but the Wartime Prices and Trade Board are. I am a little afraid of it. That is my reaction.

Q. Nevertheless you are in the business to see that the farmer gets justice from the department?—A. That is right.

Q. And I think you should find some reasonable way of seeing justice being done to the farmer and not only one group.

The CHAIRMAN: That part of the administration is under Mr. Singleton, is it not?

The WITNESS: Yes.

The CHAIRMAN: Perhaps we could have him over here and discuss that with him at some later time.

Mr. BERTRAND: Dr. Barton was saying a moment ago the price was fixed so as to give an incentive to the producer in agriculture. I suppose he means by that simply encouraging the farmers to go on with their production in spite of all the difficulties with which they are faced, particularly the shortage of labour which exists at the present time. One of the difficulties with which we are faced in meeting the farmers and encouraging them to go on with their production is that they are not all satisfied with the prices that they are getting; and generally, when you talk with them, the underlying difficulty is that for one farmer a price may be an incentive to produce while for another it is not as great an incentive. All farmers are not able to produce on exactly the same basis; one may be able to produce more economically than another. I think you all know what I mean by that. Now, Mr. Chairman, I think one thing that this committee might do to advantage would be to have an outline of all the agreements which have been entered into on behalf of agriculture—I do not mean that any mention should be made of quantities or matters of that kind which might convey information or comfort to the enemy; but I think we should have some indication of what our farmers may expect to produce by way of volume and by way of price; what is

expected of them, and what they are likely to get for undertaking it. And another thing which concerns the farmer at the present time is that they are obliged to sell at prices lower than prices fixed to the retail trade, and it is the spread in between those two prices that gives them concern; and as I see it at the present time there is no way in which we can explain it to them because we do not know exactly what is in it. They go on criticizing, it does not surprise me that they should when these people are under the impression that existing prices are so low that they are being forced to sell their products below the very cost of production. I agree with the view expressed by Dr. Barton that there is need for an incentive to production and to maintain that production. I think that one of the best things that this committee could do would be to establish the facts so that the producer would know that a given quantity of products would be required and would be sold at such and such a price in the allied market and that would afford him a measure of stability. I think some sort of assurance could be given through this committee without mentioning any particular quantity or possibly not even a particular price. But one thing that should be cleared up to the farmer's satisfaction is this question of the spread between the ceiling price and the price which he is getting or what he is going to get for his product as a producer. I was wondering whether we could have an outline of sales agreement made for each of these commodities. I think this would be the best propaganda we could put across in order to encourage the farmer to go on with the production program.

Mr. BLAIR: Mr. Chairman, I believe that we should adjourn now and hear Mr. Shaw speak at the next meeting.

The CHAIRMAN: Mr. Bertrand has asked a question upon which I think perhaps some comment should be made. So far as these commodities are concerned which are shipped to Great Britain, such as bacon and cheese and I guess other products as well, the price received from the British Ministry of Food is all public information. Then we know, for instance, what is being paid for hogs in this country. That is what you are getting at, Mr. Bertrand?

Mr. BERTRAND: Well, I am not asking the price that they are getting in Great Britain or any other countries. I am asking the price which the government is fixing at the present time and the amount of bonus that is being paid over and above on each of these commodities produced. I do not know just exactly how it is at the present time so far as bacon is concerned, or rather what is the price paid for hogs for bacon purposes. But two years ago this government was paying up to $2.50 bonus per hundredweight, I think it was.

The CHAIRMAN: On hogs?

Mr. BERTRAND: $2.35 up to $2.50 on hogs, I think. I declare here that most of the farmers do not even know that the government has been paying this bonus in order to encourage production.

The CHAIRMAN: I do not see why the committee should not bring out the information, if that is what you have in mind.

Mr. BERTRAND: I am asking for details of the agreement. If you do not want to do that, all right; probably it would be asking too much. I am trying to get as much as we can in order to inform the agricultural classes. I should like to get an outline of the agreements, the quantity that we have to produce, the price that they are going to get, the bonus that the government is paying on each and every commodity. Then if we can start with that, we will be able to start somewhere in order to define what are the actions of these boards. As it is at the present time, we are met with one great difficulty over and above all others with the farmer, and it is this: the price is being fixed for them as producers, but the margin is so large between the fixed price and ceiling prices, they think that somebody else is making a great deal of money. If we could

only answer that intelligently, I think it would be a great incentive to the farmers.

The CHAIRMAN: I do not know whether we can answer the question as to how much the fellow in between is making, but I do not see any reason why the information applicable to what you have in mind, or at least most of it, cannot be obtained when we come to discuss, for instance—giving two illustrations—the Dairy Products Board which deals with dairy products and likewise the Meat Board, which deals with meat products. There are other branches of the service that come in there as well. I think most of the particulars can be given, or many of them.

Mr. BERTRAND: That is exactly what I had in view. If we know all of these things, then we can discuss the matter intelligently with the witnesses that we are going to have before this committee. Otherwise we are just going to be picking over or—what did you call it when you were investigating the wheat matter—just going on a fishing expedition.

The CHAIRMAN: That is what we are planning to get, Mr. Bertrand. We are having a discussion of general policy this morning.

Mr. BERTRAND: I want to avoid any fishing expedition.

Mr. SENN: I should like to enlarge on what Mr. Bertrand has said by giving a concrete example. For instance, we know pretty well what the price of bacon is, or the price Britain is paying for our bacon. It is a set price, the same every day of the year. Yet the packers, when they pay for hogs, sometimes pay as much as 50 cents or 75 cents less than they do at other times. The farmer would like to know the reason for that. I think that is just what Mr. Bertrand is trying to get at.

Mr. GOLDING: That is a good point.

By Mr. Leger:

Q. If I understand it rightly, Dr. Barton, you are chairman of the Agricultural Food Board.—A. That is right.

Q. Would I be in order if I were to ask you a question with regard to the slaughtering of meat?—A. I would rather you brought that up with the Meat Board.

The CHAIRMAN: Can we not wait until we get a representative of the Meat Board before the committee before we deal with that? I think I know what you are going to lead up to.

Mr. LEGER: Very well.

The CHAIRMAN: I think Mr. Cardiff had a question.

By Mr. Cardiff:

Q. I should like to ask Dr. Barton what difference there is between the bonus on fluid milk and the bonus on milk delivered for processing purposes?—A. For concentrating purposes?

Q. Yes.—A. There is no difference, except that the one for the concentrated milk products does not apply until October.

Q. You say it does not apply on what?—A. It does not apply until October. It applies only in the winter months. The other one is throughout the year.

The CHAIRMAN: We have had a good discussion, gentlemen, and it is now nearly one o'clock. What is your pleasure?

Mr. PERLEY: Do I understand that Dr. Barton will be available again?

The CHAIRMAN: Yes.

Mr. PERLEY: I ask that, because he has just touched on the food conference at Hot Springs. I think the committee would like to have a little more general information of how they proceeded there, and what our Canadian delegates did there.

Some Hon. MEMBERS: Hear, hear.

Mr. PERLEY: Did they present briefs, or what did they do? I think the committee would very much like to have some information on that. I believe this is the first opportunity we have had of having a delegate who was right there. We could get possibly more information from Dr. Barton than we will get in the house by inquiries or a statement given by the Prime Minister.

The CHAIRMAN: What is the pleasure of the committee right now? It is 1 o'clock.

Mr. MCNEVIN: I move that we adjourn.

The CHAIRMAN: Dean Shaw is here ready to go on. Shall the committee meet to-morrow?

Some Hon. MEMBERS: No.

The CHAIRMAN: Will someone move that we adjourn until Thursday morning, then?

Mr. GOLDING: I will move that we adjourn until Thursday morning.

The CHAIRMAN: It has been moved that we adjourn until Thursday morning at 11 o'clock. I declare the motion carried.

The committee adjourned at 1 o'clock to meet again on Thursday, June 17, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, JUNE 17, 1943

WITNESS:

Mr. A. M. Shaw, Director of Marketing Service, Department of Agriculture, and Chairman of the Agricultural Supplies Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

THURSDAY, June 17, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Blair, Cloutier, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fontaine, Furniss, Gardiner, Golding, Hatfield, Kirk, Laflamme, Lafontaine, Leclerc, Leger, MacKenzie (*Lambton-Kent*), McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Nielsen (*Mrs.*), Perley, Rennie, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Tustin, Weir, Whitman.—34.

In attendance: Mr. A. M. Shaw, Director of Marketing Service and Chairman of the Agricultural Supplies Board; Mr. F. W. Presant, Feeds Administrator; Mr. Nelson Young, Seeds and Flax Fibre Administrator; Mr. K. B. Conger, Manager, Fruits and Vegetables Section of the Special Products Board.

The minutes of the last sitting were read, and, on motion of Mr. Dechene, approved.

Mr. Shaw made a general statement on the organization and functions of the Supplies Board and the Special Products Board, and was questioned thereon.

On behalf of the Deputy Minister of Agriculture, the following documents requested at the last sitting were filed, viz:—

1. Personnel of Agricultural Advisory Committee;

2. The following Orders in Council:—

(*a*) P.C. 2621, 9th Sept., 1939: Establishment, duties and powers of the Agricultural Supplies Committee;

(*b*) P.C. 2622, 9th Sept., 1939, and amending Orders P.C. 949, 6th March, 1940, P.C. 5526, 9th Oct., 1940, P.C. 3753, 6th May, 1943: Personnel of the Agricultural Supplies Committee;

(*c*) P.C. 4076, 13th Dec., 1939: Regulations respecting the marketing and export of bacon and other pork products;

(*d*) P.C. 4249, 20th Dec., 1939: Personnel of the Bacon Board;

(*e*) P.C. 948, 6th March, 1940: Establishment of the Agricultural Supplies Board and Regulations;

(*f*) P.C. 2138, 23rd May, 1940: Establishment of the Dairy Products Board and Regulations relating thereto; P.C. 2139, 23rd May, 1940: Personnel of the Board, and amending orders P.C. 143, 16th Jan., 1941, P.C. 515, 7th Feb., 1941, P.C. 1984, 25th March, 1941, P.C. 3197, 7th May, 1941, and P.C. 5827, 5th Aug., 1941;

(*g*) P.C. 2520, 15th April, 1941: Establishment of the Special Products Board and Regulations, with amending Orders P.C. 4211, 2164, 9138 and 6836.

(*h*) P.C. 2521, 15th April, 1941: Personnel of the Special Products Board;

(*i*) P.C. 2978, 5th May, 1941: Amendment to Regulations governing the Bacon Board as established by P.C. 4076;

(*j*) P.C. 1562, 26th Feb., 1943: Establishment of the Agricultural Advisory Committee;

(*k*) P.C. 1563, 1st March, 1943: Establishment of the Agricultural Food Board;

(*l*) P.C. 4187, 3rd June, 1943: Establishment of the Meat Board and Regulations relating thereto;

(*m*) P.C. 4188, 3rd June, 1943: Personnel of the Meat Board.

Mr. Shaw being retired, it was agreed to hear Mr. F. W. Presant, Feeds Administrator, at the next sitting.

On motion of Mr. Cruickshank, the Committee adjourned at 1 o'clock, until to-morrow, Friday, June 18, at 11 o'clock, a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 17, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we have before the committee Dean Shaw who is director of marketing services in the Department of Agriculture and also chairman of the supplies board and the special products board. If the committee is prepared to hear Dean Shaw this morning I shall ask him to take the stand and to deal first with the supplies board.

A. M. SHAW, Director of Marketing Services, Department of Agriculture, and Chairman of the Agricultural Supplies Board, called.

The WITNESS: Mr. Chairman and gentlemen, at a previous meeting of the committee Dr. Barton, the Deputy Minister of Agriculture, in his address indicated how these boards were set up and when they were set up and the purpose for which they were intended, and how they were supposed to operate and so on. I presume that the matter you are interested in in this particular case is to hear something about just what the agricultural supplies board does and how it approaches the various problems that come before it; that is the way I propose to deal with it this morning. It is a little difficult to take up the points that will be of most interest, but by questions you will be able to get the specific information that you desire on any specific problem which may be of particular interest to you.

The board was set up very early in the war—late in the fall of 1939—and at that time Canadian agriculture had not changed at all from a peace time footing. Most of our products were on a surplus basis—in some cases a very considerable surplus—and it was a problem to know how to dispose of them. The war started, but for a year and in some cases, for two years there was comparatively little interest in certain kinds of agricultural products of Canada as far as Great Britain was concerned. Now, it seemed strange to a great many people in Canada that it was not possible right at the beginning of the war to sell all of our surplus to England at remunerative prices; nevertheless the facts are that Britain could not be interested in certain kinds of agricultural products at that time. She was approached, and I was with the delegation that went over there in the fall of 1939 after war was declared, and again a year later, and on both of those occasions there were certain products that it was still quite impossible to interest Great Britain in.

I am stating that to indicate that it was difficult for the supplies board, whose terms of reference indicated that they should pay attention to agricultural supplies in Canada—it was difficult for them to give what the public considered a satisfactory lead, if you like, in 1940 and even in 1941. It was not until late in 1942 that it was possible to arrive at a place where a program could be mapped out in co-operation with the provincial departments and objectives or goals for production in 1943 set up. In 1941 and early in 1942 it was impossible to do that because there was not an outlet; we still had certain surpluses in certain lines. In December of 1942 it was possible to have a conference which set out the various quantities and amounts of different kinds of products that Britain and

the allied nations were anxious to have produced in larger quantities for war purposes. That was the beginning of that phase. There is a different attitude now on the part of allied groups in regard to food products; in fact, all over the world the food situation is creating much more interest now than it did at the beginning. We hear a great deal about the importance of food, but during the first two years of the war the stress was laid upon armaments, and people drifted away from agriculture into industry to make tanks and guns and munitions and planes and things of that kind.

Apparently, the only answer to that sort of thing is that first things come first. Things that were absolutely needed had to be made, and if they were made to some extent at the expense of agriculture perhaps it had to be done at that time. But that is gradually changing. In those days there were surpluses, lots of food, and no rationing of any kind. That has gradually changed until to-day the agricultural picture has come to be on a par in importance with all the other needs, and we find that it is much easier to interest governments everywhere and people everywhere in the problem of food production and conservation and so on—much easier than it was at an earlier period.

The one thing that the supplies board has endeavoured to do from the beginning, and I think has done in every activity, is to co-operate with the provincial authorities. We felt that the provinces were responsible in a large measure for production; they always have been; and they have very good organizations for handling that industry in the provincial governments; and we, by holding conferences twice a year and occasionally more often and inviting deputy ministers with their officials to come to Ottawa to discuss the national problems and also to advise us on the problems as to their particular province—we were able to keep them all abreast, as it were, of any findings or information that we had in connection with production problems. That has worked very well, and we are continuing to co-operate in that way.

Another matter that interested the board was the question of publicity. It was not always easy to tell what sort of publicity was the right kind to use, but in general it has taken the form of advertising in the farm press with regard to specific things like the production of bacon. You may have noticed advertisements that have been run in the farm papers for the last couple of years giving information as fully as it could be given by advertising on the needs of Britain in connection with bacon and so on. The same thing was done with regard to seeds of certain kinds, fertilizers, and a great number of things of that kind. Attention was drawn to the importance of machinery repairs, while at the same time each province was given particulars of the campaign under way, and they co-operated by putting on special provincial activities of their own, sometimes advertising directly in their provincial press, but usually by using their field staffs and extension services which, in certain provinces, are attached to the Department of Agriculture, and in other provinces are attached to the universities or colleges. All of these things were used in every case.

By Mr. Senn:

Q. Might I ask the witness if all the advertising for production was done by the board or was some of it done by the Department of Agriculture?—A. Some of it was done by the Department of Agriculture. Some of it that appeared to be a departmental issue more or less was financed to the marketing service, but what seemed to be more directly charged to the war effort was charged to the war appropriation. That distinction was made where it could be made.

Q. In other words, was there any overlapping?—A. We do not think there was. We try our best to avoid any overlapping. Now, another thing that started in the early days of the board was the issuing of permits to allow materials to leave Canada. That seemed, perhaps, far away from agriculture, but we found at first that millfeeds were leaving this country at an alarming

rate. It was a perfectly legitimate business; it had always been carried on. The mills of Canada milled Canadian wheat for export and they make their money from making flour and millfeeds; both are taken into account. We have always been able to furnish sufficient millfeeds in Canada in peace time and at the same time export a very large quantity to the United States, but in war time that situation very quickly changed. Two years ago millfeeds became very scarce, and the first thing the supplies board did in co-operation with the War-time Prices and Trade Board was to call the millers to a conference and get the information from them as to the exact situation, and it turned out that they were able to sell bran and shorts and middlings in the Boston market in some cases as high as $8 a ton more than they could get for them in Toronto or Montreal.

Q. Was there a price ceiling on millfeeds in Canada?—A. There was not at that time. That was long before the prices board had adopted the price ceiling principle. Now, that presented a problem. The millers said that it was a pretty serious business to deprive them of a market that gave them $8 a ton more than this market did. We admitted that, but we said that it had to be done, that we were short of mill feed. We investigated and made surveys in the maritime provinces through the provincial groups and in other ways and we found that they were short because of the increase in live stock that was taking place constantly, and in order to make sure that the feed would be available, not only in normal quantities but in more than normal quantities and to offset the drought that was on at that time, we asked the government to place millfeeds under permit, which they did. That was previous to the export permit branch being set up. And from then until now they have remained under permit, and a very small quantity of millfeeds was allowed out of this country. They are now under the price ceiling, which is a different matter. If that action the withholding of permits had not been taken that material would have been drained out of this country.

There was also the cheese industry, which is important; and the first thing we discovered was that they could not get rennet in Canada because all the calves stomachs from which it is made were being shipped to the United States through the packing houses of this country. This was placed under permit, and there has not been any which has gone over since then. This illustrates some of the matters that came up at the time and had to be dealt with. And there are many other things. The list of things under permit today is a very long one because of the fact that we live adjacent to a nation of 130,000,000 people possessing a buying power that can drain this country dry of any one commodity in a week, if it is not attended to. It has been one of the important activities of the board to keep abreast of that matter, and to endeavour to keep sufficient quantities of feeds and other materials in this country to supply the needs of the agricultural industry.

The CHAIRMAN: Could you indicate in a general way some of the other items that have been placed under the permit system ?

The WITNESSS: Some of the other items were coarse grains and feed grains and feed wheats. They are being exported, but permits are now being granted because we have an ample supply at the present time, but the export can be stopped at any time by the non-issuance of permits.

By Mr. Tustin:

Q. In cases where these millfeeds were shipped to the United States where the market is higher and they are prohibited now, is a subsidy paid?—A. No, sir, they lose the difference. Another instance is that of fishmeal which is an important element of animal protein for livestock feed both on the Atlantic and the Pacific coasts. The Pacific coast is a great producer of these fishmeals, and they had a very lucrative market in California at one time. I stand subject to correction, but it seems to me that they were receiving between $75 and $80 a ton,

perhaps more. It was necessary to prevent all of that feed from going to California and to put the manufacturers under permit and to force them to service the Canadian trade which they had formerly been in the habit of doing at a much lower price.

By Mr. Perley:

Q. Would that be principally from mills in western Canada?—A. That is from the fish companies on the Pacific coast. I am speaking of fishmeal.

Q. I am referring to the shipments of millfeeds. Would most of that come from the west?—A. Millfeeds would be shipped from most of the larger mills and many of the smaller ones anywhere in Canada—Port Colborne, Kenora, the head of the lakes—but shipments of millfeeds can take place from any point and may be collected from small mills.

Q. I think your report said there were twenty-five different companies affected by this order?—A. Yes; but not all of the mills were engaged in export. Some of the smaller ones never have enough, but whatever number was mentioned is the exact number that is affected.

By Mr. Senn:

Q. Could you say whether there have been any permits refused for the export of either millfeeds or coarse grains up to the present?—A. Oh, yes; last year coarse grains were under permit and there were not any being shipped out.

Q. There is at the present time?—A. There is at the present time because we have an ample supply. The permit system is not an embargo, it is a means whereby judgment can be used as regards the supply position.

Q. When you say that there is an ample supply, have you taken fully into consideration the danger of a shortage of coarse grains in Ontario?—A. Yes, the danger of a shortage of coarse grains in Ontario is under consideration now.

I might mention the question of certified seed potatoes. This is a somewhat contentious matter. It was found early in the spring, as early as February or March, that the Americans were reaching to the maritime provinces for certified seed potatoes and were willing to pay almost any price that was asked, and prices were mounting and jumping 25 or 30 cents a day per bag until they got very high, and it became apparent that we would have no certified seed potatoes left in this country unless action were taken, and they were placed under permit and allowed out to buyers who had been regular buyers of this seed up to the quantities that seemed reasonable to let out. At the same time the buyers of certified seed in the central provinces and other parts of Canada were all circularized and advised to purchase their seed as early as possible because of the position in which the supply was. That is one product that came under this permit system and had to be administered by someone, and the supplies board seemed to be the group who were closest to both sides of the picture—the production end and the buyer end—because it was a farmers' problem at both ends.

By Mr. Perley:

Q. In the report of the Minister of Agriculture at page 155 I find the following:—

> . . . . . in eastern Canada of millfeeds from western wheat, companies milling Ontario's winter wheat were allowed to export to the United States 50 per cent of the millfeeds derived therefrom to compensate for the loss taken in selling the other 50 per cent in Canada in competition with millfeeds applying to freight assistance.

Will you explain that? Now, do they continue to export 50 per cent and then do the millers take a loss on the feed in connection with the millfeeds—

A. Yes, that was decided after consultation with the mills, large and small. It was decided that the small mills receive some compensation of some kind to offset the position they were placed in by that fact.

Q. They were getting the freight assistance?—A. The large mills were.

By Mr. Senn:

Q. Referring to the potato situation, there seems to be a suspicion in the minds of some consumers in Ontario that a lot of the potatoes that were shipped from the maritime provinces without a tag on them showing that they were certified seed, have since been tagged?—A. Not if they had been shipped; they may still be tagged if they are in the hands of the original grower.

Q. But they cannot be tagged after they are shipped?—A. Oh, no.

Q. There was a suspicion that that was being done?—A. No, I do not think you will find that that is being done. It has to be authenticated at the source.

By Mr. Evans:

Q. Have we sufficient certified seed potatoes to take care of the demand? —A. That is a difficult question to answer. It is so hard to get at the demand until it actually comes out. We have done the best we could with that matter by circularizing every dealer and every man who has operated in seed potatoes before, and our reports show that they were able to secure, for the most part, all their requirements. Now, there have been a few who have been late, who hoped the market would break or something would happen in another way, and some of those fellows have been disappointed.

By Mr. Senn:

Q. I understand that your board does exercise some supervision over the movement of different commodities from one section of Canada to another. Is that a matter in connection with freight and so on?—A. Only in so far as we administer through an administrator who is responsible to this board the freight policy of the government; that is all. We do not direct the grain. The farmer buys the grain. It moves to him and freight is paid if the proper regulations are adhered to.

Q. If it is a question of a shortage of supply in one section and a surplus in another, do you exercise any control over the movement in that case?— A. We do exercise control in a way by arrangement. We have done that with the mills in many cases at their own suggestion in consultation with them. Where there has been a shortage of millfeeds they have been very willing to co-operate and meet the situation and ship to that point by arrangement.

Q. I was not thinking of millfeeds at the moment. A statement was made a short time ago in regard to potatoes to the effect that there was a surplus or that there is a surplus of potatoes in the west. Have you given any consideration to that?—A. No, that is a matter for the Wartime Prices and Trade Board; that is a consumer problem.

By Mr. McCubbin:

Q. How does your board and the Wartime Prices and Trade Board work; do you work in conjunction with regard to potatoes? I see that twenty-five or thirty cars were to be moved into Ontario shortly from the west. I saw that in Taylor's report in the Toronto *Globe*?—A. They are moving those potatoes from areas where there is, in their assumption, a surplus, and where they can be spared, to areas where there is an acute shortage. There have been 100 cars shipped east. These potatoes are gathered by the pools and their agents in different places in the provinces and rolled east and distributed or directed to certain points or places by the Wartime Prices and Trade Board.

Q. Do they take care of the seed end also?—A. No, the seed end is handled through the supplies board.

Q. And is it your intention to take care of that situation in western Ontario as regards seed potatoes, to relieve the situation down there?—A. I am not sure that I know what you are referring to.

Q. There is a shortage. We are still planting potatoes on account of the backward weather, but the farmers cannot secure the seed.—A. We have had two applications from western Ontario to export seed, which we turned down, so there are two cars more there than there would have been if we agreed to let them go out.

Q. The statement is correct? You have had two applications?—A. Yes, from parties in western Ontario to export seed potatoes to the United States.

Q. Recently?—A. Yes, not long ago.

Q. There is something wrong then.—A. We knew it was wrong and we did not issue the permit. The potatoes are still there.

Q. They say they are not there.—A. These were there.

Q. I have had telegrams this week. They have got in touch with the companies and they say they have not got the potatoes.—A. That is true in some cases, but in this case the potatoes were there. Their request was turned down.

By Mr. Evans:

Q. Does certified seed come from Saskatchewan?—A. I could not answer that.

By Mr. Leger:

Q. What is the situation in the Maritime provinces as regards seed potatoes? —A. They are practically sold out of certified seed potatoes.

Q. What about the others?—A. I understand they are still finding some table stock. They are still rolling towards Montreal—a number of carloads from each province.

Mr. McCUBBIN: Are the western potatoes good for seed in our district?

The WITNESS: I would think so, if they have been properly matured. I see no reason why they should not be. They may not be the best seed, but they would be good seed.

Mr. CRUICKSHANK: You would grow some decent potatoes if you had that seed.

Mr. McCUBBIN: We do. Your department is trying to get seed potatoes for us in the Maritime provinces, but I see that Taylor comes out and says they are getting potatoes for the consumers from the west. Then, the western potatoes cannot be any good for us.

The WITNESS: The western potatoes are likely to be mixed in variety because a full carload very seldom originates at one point. But there are a number of varieties grown and they are likely to be mixed; but as far as the actual growing qualities are concerned they are all right. With regard to certified seed potatoes at this date, the 17th of June, it is much later than usual and it is very seldom that there is a need for certified seed in Canada as late as this.

Mr. McCUBBIN: That is due to the weather.

The WITNESS: Yes. The certified seed potatoes after about the 5th of June are usually sold as table stock and go out as any kind of potatoes because planting is over. This year planting is late and the demand for certified seed was so much keener at an early date that the seed potatoes are getting short at the present time, and much of the late planting will have to be done from the best sort of table stuff that can be secured. There is no alternative to that.

Mr. TUSTIN: Is it not a fact that there is a general shortage of seed potatoes in this country?

By Mr. Hatfield:

Q. Can table potatoes be sold for seed?—A. According to the regulations in the Seed Act they cannot be sold commercially, advertised and dealt in as seed potatoes, but when a person buys potatoes there is nobody who has very much to do with the matter of whether he eats them or not.

Q. They cannot sell seed unless it is certified?—A. That is true, but you can sell potatoes.

Mr. CRUICKSHANK: Is the freight paid on western potatoes by the government?—A. I could not answer that specifically. It is a wartime prices board problem, and payment would be paid to the extent necessary to allow them to be sold under the ceiling.

Mr. PERLEY: Would not that come under freight assistance?

The WITNESS: No. It comes under the stabilization corporation who will take care of any costs there.

Mr. WHITMAN: Is there a ceiling price on seed potatoes?

The CHAIRMAN: Gentlemen, I know there is an inclination to ask questions so as to elicit information, but Dean Shaw has to go away this week and he will not be back for some time, and I was wondering if the committee would be willing to allow him to complete his statement. I am sure we can get this information later by questioning.

Mr. SENN: I suppose I was responsible for starting this inquiry. So far as I am concerned, I am prepared to listen to the witness.

The CHAIRMAN: I think it is desirable to clarify these points as we go along, but sometimes they are clarified in a later statement.

Mr. CRUICKSHANK: Will the witness be available again?

The CHAIRMAN: He will not be available on certain days next week, but other officials administering the different items will be here, and he will be here at a later date if the committee requires him.

By Mr. Hatfield:

Q. With regard to the planting of certified seed next season, there will not be any seed because the regulations for planting seed next season will be that you must have foundation seed to have it certified. Now, there is very little foundation seed in Canada, and the supply will be very limited, if you carry out that regulation. If you carry out that regulation there will be practically no certified seed next season?—A. That regulation is one of the department's regulations, and if what you say is correct, action will be taken in sufficient time to make it possible to produce certified seed from other sources rather than from the foundation stock.

Mr. HATFIELD: I refer to perfect seed; there is very little of that in the country.

The CHAIRMAN: Will you continue, Mr. Shaw?

The WITNESS: Another thing of interest to the board which was brought to their attention partly but not entirely—it was obvious to many members of the board—by the oil administrator of the Wartime Prices and Trade Board was this: at an early stage of the war it became apparent that oils and fats would be valuable and would tend to get scarce, particularly after the United States came into the picture, and it was suggested that Canada should, if possible, endeavour to supplement her natural supply with some additional ones if she could in any way. There were certain campaigns put on with regard to saving fats and things like that, and with regard to the production of this product

it came before the supplies board and was considered carefully by them in co-operation with the oil controller, and it was suggested that the flax crop might be increased for the production of linseed oil. You are more or less familiar with that picture. Canada is growing a bit more flax to-day than before. It became necessary to make an inducement in the form of a fixed price to make sure that the necessary flax would be grown. Another oil supply is sunflowers. Although in some parts of Canada they are grown very little, in other parts they have now become a field crop, and they are being grown now in thousands of acres for the purpose of producing seed from which the oil is extracted, and this particular oil is of a very high quality. It is equal to many of the domestic oils for table use and Canada can produce it. Because it is a new crop we wish to ensure that it be grown under proper conditions and that a fixed price be set up which I think, if I remember rightly, is 5 or 6 cents a pound for the seed when delivered.

Rape seed oil is another one that is particularly useful in marine engines. They use it almost entirely for that and for certain other equipment, and it is a scarce article. It comes from a South American species of rape which is something like the common Dwarf Essex rape. It is not grown in Canada. However, we have secured sufficient seed to plant some 6,000 to 8,000 acres.

Mr. EVANS: Was that in the west?

The WITNESS: We endeavoured to plant a good deal of that in the east, but we were unable to interest the eastern farmers sufficiently in the growing of it, and we had to take it west, and we are getting it grown there in large blocks.

Mr. CRUICKSHANK: It is a new crop?

The WITNESS: Yes. Another thing you have heard a great deal about is rubber, synthetic rubber. It has been said that synthetic rubber is not the complete answer, that synthetic rubber is a great step in advance, but it requires a small percentage of natural rubber to be mixed with it to make a perfect product. I do not know much about the technical side, but that is the statement we get. And so the Department of Munitions and Supply and the National Research Council and the science services and experimental farms all became interested in the question of growing natural rubber in this country. Russia has succeeded in growing a species of dandelion successfully from which they could extract rubber in considerable quantities.

Another plant is the native milkweed of Canada. It produces a very considerable quantity of rubber. After considerable consultation, and after being assured by the Department of Munitions and Supply that they wished to have this material produced and grown, and in co-operation with the National Research Council who are going to work to put up a pilot plant that will extract the rubber. The supplies board have undertaken to have the material grown in quantity—both the Russian plant which was grown last year and the milkweed which will be grown this year to the extent of about 600 acres. That is quite a big field of milkweed.

Mr. LEGER: Where is that grown?

The WITNESS: In Ontario. That seemed to be the only decision that could be made because of the time factor this year. We only received complete assurance from the Department of Munitions and Supply with regard to financing the growing of this crop a short time ago, and it was quite impossible to give consideration to the growing of areas of it in different parts of Canada. However, the experimental farm services have been growing it for two or three years experimentally in every province of Canada, and Ontario is a natural habitat of the milkweed and it grows well there, and it was decided for this year that that is where it would be grown.

By Mr. Ross (Middlesex East):

Q. Has not milkweed a very high content of the ingredient necessary for the manufacture of rubber?—A. I believe it has. I believe it is one of the most promising of the plants they have experimented with.

Q. It is not hard to grow, is it?—A. I do not think so, but there has not been quite enough done on that yet.

Q. It is not hard to grow; it is not difficult to raise.—A. I do not think so. I think it can be grown.

Q. What type of soil is most productive in the growing of milkweed?—A. Clay loam under natural conditions—clay loam sometimes verging on the light with sand and a bit of gravel.

Mr. CRUICKSHANK: Ontario will grow any weeds.

The WITNESS: Oh, yes, they have them all.

Mr. PERLEY: How is it harvested?

The WITNESS: I cannot answer that question. I believe that it is not difficult. They harvest the pods and the leaves. The rubber is contained in the leaves and certain parts of the stem, and from the pods they obtain the floss which is also of value in some kind of manufacturing work. But the rubber comes from the leaves and from the stems, I believe, and it would appear that it would be harvested with a binder or some machine like that. It is upright, stiff-growing; the dandelion is not; it grows close to the ground, and the rubber is contained in the roots and it has to be ploughed out and all the roots have to be saved and dried in order to get the rubber content from that plant.

Mr. Ross (*Middlesex East*): Has the department made any effort to spread this information among the farmers?

The WITNESS: The matter was taken up, as I explained before. The time factor was important. It is planting time now. When we decided upon this course some time ago we hadn't time to consider other provinces; so we took the matter up with the Department of Agriculture in Toronto with the deputy minister, Mr. Reek, who had been interested in this before, and he undertook to co-operate and to circularize farmers in certain counties in Ontario that seemed to be suitable for this type of thing; and that is the way it is being handled this year.

Mr. Ross: Is that Mr. Reek of the Department of Agriculture at Toronto?

The WITNESS: Yes.

Mr. Ross: What are his initials?

The WITNESS: W. R. Reek.

Mr. MCNEVIN: The municipal representatives of the Ontario Department of Agriculture in the counties in which it was deemed possible to make a success of growing the milkweed were contacted and the district agricultural representatives then went out through their counties and contacted the farmers who were willing to sow milkweed seed.

By Mr. Leger:

Q. I understood the witness to say that the experimental farms in Canada had made experiments and that all of them had grown this product with success?—A. No, I did not use that last sentence.

Q. Did they not grow it with success?—A. It may have been done with success. The experimental farm services have tested this plant at all their stations in Canada in order to get all the information they can about it.

Q. What was the result?—A. I could not answer as to the exact results. It would not be a 100 per cent success. In some places it would be a success and in some places it would not.

Q. Were there failures in the maritime provinces?—A. I do not know.

The CHAIRMAN: I think we can get all that information with the complete details from Dr. Archibald when he is before the committee.

The WITNESS: In Ontario I think a large percentage would be grown in the vicinity of Peterborough.

Now, there is another point that might be of interest in answer to some of the questions concerning milkweed. It was necessary for the National Research Council to build a pilot mill to do this particular job. This stuff has to be grown in a reasonable area in one part of Canada because it cannot be shipped backward and forward all over the country, and for this year the decision was that it would be done in Ontario, but I do not know where the pilot mill will be, but it will, no doubt, be in proximity to where the stuff is grown.

Mr. PERLEY: I think we had better have the witness finish his statement.

Mr. LEGER: I think this is very important. I realize that this material must be grown near the synthetic mills, but the experience we have had throughout this war is that everything seems to be concentrated in Ontario and Quebec, and the maritime provinces—

The WITNESS: I am coming to New Brunswick in a few moments.

Another thing that interested the board was the question of fibre flax —not the ordinary flaxseed but fibre flax which is grown largely in Quebec and Ontario—mostly in two provinces in Canada, although there is a little grown in Manitoba and some in British Columbia, not much. Quebec and Ontario have been the pioneers in the growing of fibre flax, but at the beginning of the war the industry was not in a very flourishing condition. There were quite a number of groups that were growing and processing fibre flax, some co-operatives and some independents, the product being sold largely to Britain and some to the United States mills. But the British Ministry of Supply indicated that they would like all of Canada's production of fibre flax. They made arrangements with other parts of the empire, Australia and New Zealand particularly, to produce fibre flax for them, and the governments of those countries undertook to assist in various ways by providing machines and by payments of various kinds to have it grown. Our industry, however, was older than that of New Zealand and was already set up with mills and was a going concern, but since the last war, when it had been at its peak, many of the plants had deteriorated from the standpoint of machinery, they had worn out, and they were short of processing equipment. The work had formerly been done largely by hand—hand-scutching flax with a Flemish knife —it is all right but it requires a large number of men who can be hired at not too high wages. After the first year of the war it became impossible to get labour and they had to revert to machines, and it became necessary to look at the machine situation to see if those machines could be secured. It was discovered that there was one machine of a certain type in Canada, the Etrick Tow Scutching Machine. It is a German machine and was brought to this country some twenty years ago, and it was the only one of its kind on the North American continent. There were a few other machines doing the same job, but not so well. They were inferior in many ways to this type of machine. We investigated and found that it could not be replaced; it could not be got from any source now; it formerly came from Belgium. There have been several in Canada and they have disappeared, have become worn out. It was decided that the only way to secure a machine suitable for this work was to build the machines. The supplies board, after consultation with the flax growers, decided to ask the government to allow them to proceed to get the plans of this one machine and have ten machines built, duplicated. That was done in Canada and these machines are all in operation, and have been in operation for two years.

By Mr. Cruickshank:

Q. In what part of Canada?—A. They are in Ontario and Quebec.

Q. The province of British Columbia tried hard to get one last year.—A. Oh, but they did not have any flax to put through it.

Q. What?—A. That was the difficulty.

Q. They did not have any flax? What do you mean? Just a moment, now, I want that point cleared up, because the minister has letters on his file asking for this machinery, and there is some guarantee to these flax growers that they would have the machine, and this year they are building a plant. They have 1,000 acres under cultivation. Now, are they going to get a machine? They are paying for the plant themselves.—A. If they have 1,000 acres of flax they would be entitled to a machine.

Q. They are putting it in this year. Will they get the same treatment as they are getting in Ontario and Quebec?—A. Yes, if there is a machine in Canada.

Q. Will you take one away from Ontario?—A. We will not take a machine from anyone who has bought one. We are not loaning these machines; we are selling them.

Q. Is the federal government not paying for these machines?—A. Yes, but we are selling them to the plants.

Mr. BLAIR: At what price?

The WITNESS: At cost.

Mr. BLAIR: What is the cost?

The WITNESS: Between $9,000 and $10,000.

Mr. RENNIE: Who is building these machines?

The WITNESS: Frost & Wood.

By Mr. Cruickshank:

Q. Will all provinces be treated equally? I understand from you that the federal government is not paying for those machines. I want that point cleared up.—A. How do you mean?

Q. You say the producers are buying them themselves?—A. Oh, yes.

Q. Will the farmers in the province of British Columbia have the same treatment as to buying one of these machines as people in any other province?—A. Yes, if they have enough flax to warrant it.

Mr. BLAIR: And the money.

Mr. CRUICKSHANK: We have the money.

The WITNESS: We had mills that were financially able to buy a machine but they were not allowed to do so because they didn't have enough flax. There are others who could use the machines to advantage but the machines are limited to ten in number.

Mr. CRUICKSHANK: We are financing a large plant ourselves with the aid of the provincial government. They are giving us $90,000. If they are prepared to put $90,000 into this affair, surely that will warrant us getting a machine or having the privilege of buying a machine?

The WITNESS: I think so. I do not think there is any difficulty there.

The CHAIRMAN: Could the witness proceed?

Mr. CRUICKSHANK: This is very important to the province of British Columbia.

The WITNESS: You might be interested in knowing who has the tow scutchers. We built ten and I say we sold ten. One is at Alexandria, at DeBeaujeu, Quebec. The co-operatives there bought two of them; La Societe Liniere D'Acton Vale Inc., Acton Vale, P.Q., bought one machine; Gordon & Son of Blyth, Ontario,

bought one machine; Co-Operative de Lin de Casselman, of Casselman, Ontario, bought one machine; Societe Co-operative Agricole des Producteurs de Lin de Ste-Martine of Ste-Martine, P.Q., bought one machine; Societe Co-operative de Producteurs de Lin de St-Jean, St-Jean, P.Q., bought one machine; Hesky Flax Products Limited, Toronto, Ontario, bought one machine, and Laurentian Flax Products Co. Ltd., Richmond, Ontario, bought one machine. The Hesky Flax Products Limited mills are at Seaforth and, by the way, they are the people who owned the original machine.

That took place on the first operation on the flax and did away with the hand labour, and we got the thing going. The next year it took care of the handling of the line fibre, the expensive part of the fibre which is the flax that can be combed out to 15 or 20 inches. It is not tow; it is a higher class product. Now, there is another European machine called the Vanhauwaert, and there were ten or twelve of them in this country, and all were in use, and ten or twelve more were required. After we had established the tow scutching machine, which was the first one in use, we asked to have ten Vanhauwaert machines built, and that was done on the same principle, and they are all in the hands of mills—pretty nearly the same ones who bought the other ones—although there are one or two additions. They are all in operation and turning out this product which is being sold under the direction of the flax administrator to Britain and the United States. There is an agreement on this year's flax with regard to price. This was reached in consultation with the growers and processors and representatives of the British Mission at Washington. Britain undertook to take 50 per cent of this product and 50 per cent was to go to the United States, but in case the United States did not require the 50 per cent Britain would absorb that quantity as her share.

Mr. TUSTIN: Who is the flax administrator?

The WITNESS: I should have mentioned that that is one of the things we had to do in connection with some of these activities of the board; we had to get the matter into the hands of someone who could look after these things specifically, and it was recommended that a flax administrator be appointed. We secured the services of Nelson Young, a departmental official of the Department of Agriculture who has been handling the fibre flax industry and has been doing that since he undertook to take hold of it.

By Mr. Senn:

Q. Could you say how much the production was last year and how much there will probably be this year?—A. The production is about 50,000 acres.

Mr. NELSON YOUNG: Forty-seven thousand acres last year.

Mr. SENN: I am referring to the yield.

The WITNESS: This statement gives the acres from 1939: 1939, 8,300 acres; 1942, 47,000 acres; 1939, eight mills; 1942, thirty-eight mills; tons of flax in tow, 1939, 1,300; 1942, 8,731; value in 1939: $837,000; 1942, $3,202,680. That gives you a rough picture of the gross. It has grown rapidly and it has come to a point now where the matter of labour, which affects all industries in Canada, is a factor.

Mr. SENN: It is well worth while.

The WITNESS: Oh, yes.

Mr. MATTHEWS: Could you give us a break-down of the acreage for 1942 into provinces?

The CHAIRMAN: Gentlemen, I hesitate to interrupt, but we are going to have Mr. Young, the gentleman who is looking after all this, before the committee, and he could give you the particulars. The question I wanted to ask the witness was: did these ten machines that the department manufactured handle all this stuff?

The WITNESS: No, they were in addition to the machines they already had. That machine handled all that kind, although there were other machines on the market made by a Quebec firm. They are making some of these, similar things, but not the same.

I can give you the break-down that was asked for: for Quebec it is 28,000 acres; for Ontario it is 17,000 acres; for Manitoba, 1,119 acres; for Alberta, 157 acres, and for British Columbia, 107 acres. I may say that some parts of aeroplanes are made from fibre flax.

By Mr. Hatfield:

Q. Is there any fibre flax grown in the Maritime provinces?—A. No. It has been grown experimentally at the stations, but there has been no interest—not sufficient interest to warrant a machine being built. It requires a considerable outlay.

The next thing that came along was agricultural equipment, and the supplies board has from the beginning tried to keep a step ahead of the shortage that might develop, and it is an almost impossible thing to do. Nevertheless, I think it must be admitted now that the shortages that threatened two years ago in connection with agricultural equipment have not developed to the extent that it was thought they might. For instance, one was in connection with dairy utensils. At one time the supply of tin and materials of that kind was in such a position that it looked as though there would not be enough to go round and that there would be no replacements. However, that condition has cleared up, and although it is still acute in certain places, it has cleared up in the over-all picture, and there has been some metal issued for that purpose, and much of that has been brought about on the recommendation of this board. But the metal controllers constantly ask advice in connection with things of that kind.

Another case in point is the cheese box situation. That has been acute. On a number of occasions in order to get boxes in sufficient numbers to export this great quantity of cheese that is going forward substitutes had to be used, and bonuses have been paid to the box manufacturers to enable them to go ahead and make those boxes; but it has been done, and all the cheese so far has had a box to be shipped in. To-day over half of it is shipped in fibre cases because we cannot get veneer. These are problems that are facing us all the time, but we are in contact with the controllers and they are co-operating extremely well in that regard.

Then, there is another matter that comes under the purview of the board. We will get requests from various controllers of construction or the people controlling priorities on certain goods and they get an application from someone to build something. If it is agriculturally important it is referred usually to the supplies board for comment—not only comment but a direct answer to specific questions as to whether in their opinion this is essential or whether this is necessary for war purposes and so on; and in that way we are able to assist the various administrators considerably at times in connection with the issuing of permits for various types of industrial activities.

Q. Have you a priority man?—A. We have a technical adviser who is an engineer, but we are using him as a sort of utility man, a liaison officer with the priorities people.

Q. Is there sufficient farm machinery being manufactured to meet the demand?—A. I do not know whether that question could be answered specifically. That matter is under an administrator, Mr. Bloom, and we have simply worked with him. We have brought to his attention things which we thought were important and he has brought to our attention some program that he proposed to put into effect and wanted to know whether the members of the board thought it would accomplish what was intended.

The CHAIRMAN: May I say that the committee has made arrangements for hearing the gentleman to whom Dean Shaw has referred. He will deal with matters concerning farm equipment. I may say that the committee will be able to get all the information they want from him and he will have those particulars in detailed form as to production and requirements, so we can leave that matter until we get these other gentlemen before us and we can go on with the more general statement.

The WITNESS: Now, we come to the next problem—the production of dehydrated products. This is something that Great Britain and the united nations could not be interested in in the first two years of the war, which is an amazing thing when you consider what has happened in the United States in the last two years as compared with their attitude towards these things during the first two years. There is such a complete reversal that it has created lots of difficulties. We felt from the beginning, as a board, that dehydration of foods was necessary in view of the shortage of containers and due to the shortage of shipping. We felt that these two things were so important that they would have a bearing upon the movement of foodstuffs, and that is exactly the way it has turned out. Now, believing that, the board went a little way out on a limb, perhaps, in making a recommendation of a request to the minister to receive authority to assist five dehydration plants that were at that time operating in a very small way in Canada—to assist them with some equipment in order that they might be able to be built up to the point where they could meet these demands when they came. That request was granted, and we undertook to get these five plants that were already operating in a very small way into operation and somewhat standardized so they could turn out the product in the same way in each plant. The first thing to do was to call them in. There were only five in the whole of Canada interested in this kind of thing. I say only five—there were more dehydration plants if you take in the apple dehydration plants in the Maritime provinces—but they were not interested in the drying of vegetables and had no experience in it.

So these people were called in and the position was explored and they agreed voluntarily, if we would undertake to furnish them with what we considered necessary in the matter of pre-processing equipment and furnish them with the standard of requirements with regard to the quality of the product—they would undertake to produce under strict supervision and direction the first year. We, of course, had to undertake to buy the product which we did on a cost basis. Some people got the idea that the government or the supplies board were building dehydration plants and we began to get applications from all the provinces and from hosts of people who had plants of one kind or another or some kind of equipment for permission to engage in the dehydration of vegetable products. The matter was really in the experimental stage, and we decided in the beginning not to build plants. I will quote some figures which will indicate the amounts of money we spent in developing this business. The first four plants which we assisted in 1942 were the Berwick Fruit Products plant of Berwick, Nova Scotia, $3,535.02; Grahams Dried Foods Ltd., Belleville, Ontario, $5,804.19; Beardmore & Co., Ltd., Oakville, Ontario, $4,049.38; Bulmans Ltd., Vernon, B.C., $2,523.61.

Now, these amounts vary. These plants were going concerns. Some had some equipment and some had not, but the most of them varied and were dealt with as individual units. We own that equipment, some of which we, perhaps, will sell to the plant itself, but it was not given to them. It was all to be returned. That made it possible for these four plants to produce a product that was entirely satisfactory for the most part in 1942. There was very little objection to it, and it was standardized.

In 1943 it became obvious that the British Ministry wished to secure a larger quantity of dehydrated materials from this country, and we said that in order to do so we would have to develop some additional dehydration plants,

and again the question came up whether or not we should build them, and the decision was against the procedure. We thought, after consulting with growers and plant people in various parts of Canada, that the best procedure would be to follow the same policy we had the year before, but now that we had sizeable contracts we would be able to place contracts with each plant and place restrictions on them in regard to their methods of operation and so on, and that is the way it worked out. The demand arose for a considerable quantity of potatoes. Naturally when one thinks of potatoes in quantity one thinks of the maritime provinces. It was decided to endeavour to see whether dehydration could be developed there near the source of supply, because that is a cardinal principle in dehydration; that is where the plant should be, where the material is grown and not to have to ship it long distances to the plant. We discussed the matter with those interested in the maritime provinces and finally decided on a plant at Summerside. This was done through the provincial government. They undertook to pick the location and would abide by the decision of our inspectors as to whether the location would be satisfactory, and they undertook to build their plant, to underwrite it and to undertake the necessary expense to have it built. We agreed to equip them with the type of processing machinery that was required, and I might add here that this processing machinery is extremely hard to get and it is very doubtful if an individual plant would make very much headway in getting it unless they bought through a government agency. That plant is known as the Island Foods Incorporated and they manufactured potatoes this year for the first time and did a very creditable job. This was done and they are now ready to operate next fall under contract. Then there is the Pirie Potato Products Limited of Grand Falls, New Brunswick. Mr. Pirie owns a starch factory, which is quite extensive and he wished to extend his operation to include dehydration, and he was assisted with equipment and developed his plant and got into operation rather late last fall and did an excellent job of dehydration at the end of the season. Then there is the New Brunswick Potato Products of Hartland, New Brunswick, and that is another area noted for the development of the potato industry, and there is also a starch factory operated at that point as well. Here again the same conditions apply. An addition to the starch factory seemed to be a logical way to take care of dehydration and it has worked out well. The Hartland plant is operating and getting into operation a little earlier than some of the others and handled a very large volume of business entirely satisfactorily. The other one is the Kildonan Canning Company of Manitoba. It is located just outside of the city of Winnipeg in the centre of a great gardening area where fresh vegetables are grown extensively, but owing to the lateness of the arrival of some of the equipment, particularly the fans, it was impossible to get the plant under way last year. Coupled with that another thing happened; the potatoes of the Winnipeg area last year were not very good, they rotted and the price rose very fast and made it impossible to buy potatoes at that particular point in sufficient quantities to keep within our contract price with Great Britain. So that plant did not operate last year, but it was really in shape to operate about Christmas time. It is all together now. The money spent in these plants is different from in the case of the first four. In the case of the first four it was from $2,000 to $5,000 and in the case of these last four the range is from $9,000 to $14,000, in the case of the plant at Hartland. The reason for that is that these plants had none of the equipment at all. Our arrangement with them was that they would build the plant, put in the power plant, the machines, the tunnels and all the fixtures necessary except the processing equipment, and we would furnish that, and it would be sold to them, but at the moment it belongs to the government. The plants at the present time in operation have contracts.

There are two more in Ontario that will come into operation this year which belong to the Canadian Canners. They have been assisted in connection with

advice and in getting priorities on equipment, but they have been granted no funds. They developed their own equipment and put the plants in very good running condition.

Another one that is operating this year is Libby's—Libby, McNeill & Libby at Leamington. They had equipment of their own and they are doing a special job that these other plants are not equipped to do. The special job here involved putting up a certain product in a certain fashion. Some plants cannot do that because of lack of certain kinds of equipment. Bulmans in British Columbia is the oldest plant, perhaps, of them all; it has been in operation in a big way and is extremely busy.

A year ago the British government purchased some 3,000 tons of onions through one of our boards, and at the last moment when the onions were on the ground and ready for drying, ready to be put in sacks and to be shipped east we got word that the shipping could not be made available and could we dehydrate these onions. We had never dehydrated any onions except experimentally, and there they were late in the fall, pulling and drying, and the weather was not good. The deal had been made and so we undertook to see if Bulmans could do the work by rearranging some of their work and some of their contracts. He turned his whole plant over to onions and completed the job in a few months to the entire satisfaction of the British people, a perfect job of onion drying.

These are problems that come up all the time and have to be dealt with rapidly so as to solve them. There are two other plants here that are in the course of construction: the Ferdon Registered, Laprairie, Quebec—this plant is being built by a company there, partly sponsored by the Quebec government, and we are treating it the same way as these other new plants by furnishing the processing equipment at the start. The other one is the Broder Canning Co., Lethbridge, Alberta. That company have extensive canning plants at Lethbridge and Taber, Alberta, and they are interested in expanding operations into the dehydration field. After investigation we discovered that that appeared to be a logical place for the development of a certain type of vegetable products for dehydration for this reason that it does not affect seriously the domestic side. That is of great importance from the standpoint of food administration because of the limitations there are there. A dehydration point in an area that is close to a big market centre always has a conflict, and if there is a shortage it is blamed for creating that shortage; but a plant at a point like Lethbridge, where vegetables are grown under irrigation, and would not be grown at all unless the plant were there, obviously has possibilities.

Now, there are plants, as you will see, in every province of Canada with the exception of Saskatchewan. We have had inquiries from there, from independent courses and also from the Government but no action has yet been taken in connection with a dehydration plant in that province. Our intention has been to distribute them as widely as possible and have them located in areas where the supply can be reasonably assured without undue interference with domestic supply of the nearby market.

Mr. CRUICKSHANK: Is there not another plant in British Columbia?

The WITNESS: Yes, at Port Haney. That is partially equipped and has been dehydrating fruits largely up to the present and is desirous of dehydrating potatoes particularly and has gone to the expense, I am informed, of bringing in seed and, I understand, of making contracts with farmers to grow potatoes to be dehydrated by them next year. That is the only information I have with regard to that. We have no contract with that particular firm as yet. It may be possible or it may be necessary to make one. We have about a sufficient number to supply the present need, but these things keep changing from time to time with demands coming in from Munitions and Supply and the British people;

they vary, usually increasing rather than decreasing and sometimes changing from one vegetable to another, and that plant has a good deal of its equipment.

Mr. CRUICKSHANK: It had no financial assistance of any kind?

The WITNESS: No.

Mr. CRUICKSHANK: In the event of it not being given a contract it has orders available that will take all it can produce for the United States; will it be given a permit?

The WITNESS: I could not answer that question. The question there would come very largely as to whether by so doing it might short the supply of potatoes in the cities of Vancouver and Victoria.

Mr. CRUICKSHANK: The position is that it is the only plant—

Mr. MACKENZIE: Are we going to enter into another discussion?

Mr. CRUICKSHANK: I represent this farming district and I speak on the part of a people who have a tremendous investment.

The CHAIRMAN: Ask your questions.

Mr. CRUICKSHANK: I represent a farming district and not any city. All this firm is asking is if they cannot have the privilege of tendering. The American army will take all they can produce if they can get a permit to export.

Mr. MACKENZIE: Let us have a ruling on this discussion.

The WITNESS: I think I can answer Mr. Cruickshank's question. The correspondence he referred to came to my desk the other day for comment, and if I remember I said something like this: We were aware of the plant in question and had it inspected by a dehydration man whose report stated that it was fairly well equipped but lacked certain equipment for the completion of the dehydration processing of vegetables. Now, that means just what I said in the beginning, that this plant is not at the moment in a complete position to do this job. I stated it would probably be possible, that we had no objections, in regard to giving a contract if the products were required, providing they gave assurance on two things: first, that they can do this job to the satisfaction of the board, and second, that by doing it at that particular point they do not endanger or short the domestic supply position. Those are the two conditions and they are very important ones. They are the only points in question. I might mention this, that there are no controls in that plant. Dehydration cannot be conducted without controls, and there has been no application, as far as I am aware, for controls.

Mr. CRUICKSHANK: What are the controls?

The WITNESS: They are the things that control the temperatures in which they are working and without them you would not get very far.

The CHAIRMAN: The matter is still under consideration?

The WITNESS: Oh, yes, it is not turned down or anything like that. If the plant can be used satisfactorily it will be, there is no doubt about it.

Now, there are many other things. One is these annually recurring apple agreements with regard to fresh apples, touched on by the minister the other day, with Nova Scotia and British Columbia, two provinces which formerly exported the bulk of their crop and are a sort of a war casualty. Agreements have been made each year after long negotiations with the growers and people interested in an effort to make a fair season in regard to that particular industry. It has improved the last two years. This year there should be considerable improvement because of the stronger market and the larger quantities required and the firm prices and so on for those products. Conditions are very different from the beginning of the war, but even in the face of that there are some difficulties that they themselves cannot cope with. Ontario has been included, I think, in one year, and I believe this year they have the prospect of a pretty good crop and they may make application this year. I do not know.

There are many other things, gentlemen, that come under the purview of the board, but I think I have touched on them enough to indicate that we are kept reasonably busy all the time with problems new and old, about which we have to do the best we can, and in that effort to do the best we can we have always taken the position that the men who are doing this job now are the fellows who can give us the best advice along certain lines—bring them in to see what they have to say about it.

There is one other thing that has to do with the supplies board. I am dealing with those things which are now handled by the special products board, but they were all implemented in the beginning by the supplies board, because it is the board that can finance these things. That is part of its terms of reference, it has and can get money to do them.

The other matter I wish to refer to is the drying of eggs. It is along the dehydration lines. It is a big problem. I have Mr. Brown here who can answer any specific questions. In the beginning the contract with the British Ministry was for shell eggs—so many hundreds of dozen of shell eggs. That was going along nicely and was increasing and then suddenly again there were no ships, just as in the case of onions. The interesting point is that these things cannot be foreseen. Everything goes along nicely until one day you get a telegram: "Can you dehydrate these eggs". We had approximately 100 cars of them rolling across Canada toward Halifax. We did finally arrange to get these loaded and away, and we undertook immediately to put them in storage to be ready for drying later. There were only three egg dryers in Canada. One is in Saskatoon, one is in Winnipeg and one in Trenton. They are small ones. We brought the operators in and we brought the milk dryers in because we knew that the spray method of drying whole milk would dry eggs. They all co-operated and said that where they could spare their drying machinery they would turn in and dry eggs right away, and some of them were at work in a very few weeks after that date drying eggs for the board, and they did a good job. It was not their primary job and they did not want to continue it. We had to make an estimate of what was required. The decision had to be made whether we would build dryers or assist these people. We finally decided the same way as before—that we would not undertake to build drying plants but we would leave this to industry, the people who know something about the matter and can do it better than we can; but we decided we would undertake to regulate them and see that they are given the proper assistance and the proper protection which they need in starting a business which may only last for the duration and then be worth nothing. The matter was immediately taken up with the accelerated depreciation board.

The CHAIRMAN: I think it is the accelerated depreciation board.

The WITNESS: When an industrialist wants to build a factory to make war goods he makes application to this board for accelerated depreciation. There are various grades depending on what he is doing. Some are successful and some are not. We had the case of these eggs, because in the beginning they were not considered as a war product; Munitions and Supply had not included any food products as necessary for war, and they could not get accelerated depreciation, and, therefore, they would not touch it. We had to go then and get that thing and others afterwards included as war material, just as important as a tank or an aeroplane or anything else, and we had to assure them that those plants were going to be used exclusively for the production of the product to be used by the armed forces. That was the safeguard against letting some persons build a plant and get it written off and produce for the domestic market. That is one reason why they have to keep such close control over these plants to see that they build in accordance with the board arrangement. And the thing developed; we were able to get them the necessary depreciation according to

the kind of plant they were going to build. And here again we tried to use discretion in having them located strategically across Canada where the eggs are produced, not where they are marketed necessarily, to save the long freight hauls of this fragile, perishable product in the shell. And the plants now are located in the west. One is in Saskatoon; that was enlarged; it was doing an excellent job. One is built at Edmonton and one at Calgary. There is a plant in Winnipeg that was already there, and there is another one that the Borden people built. They have others at Belmont, Ontario, and Ottawa. These milk plants are all going out of the picture gradually and the ones built originally for drying eggs are taking over. A milk plant at Gananoque helped us out at the beginning, and the American Doughnut plant at Trenton is drying eggs.

Mr. RENNIE: Who is drying eggs at Belmont?

The WITNESS: Borden's.

By Mr. Senn:

Q. Has anything been done with regard to the dehydration of cheese?—A. Only experimentally. I could not tell you much about it.

Now, these are the larger projects that we have to meet and face and do something about, and the members of the board are on call all the time, meeting every day if necessary to deal with these things as they come along. There are many specific problems. Other gentlemen can answer specific questions when you come to them. There is Mr. Young who is the flax administrator and also the seeds administrator and he is thoroughly familiar with both. There is Mr. Presant, feed administrator, responsible to the supplies board in regard to the supply of feed and the distribution of it, and responsible to the Wartime Prices and Trade Board in regard to the ceiling prices. There is Mr. Peart who is the fertilizer administrator. He has a report here and there may be some points that someone is interested in. The highlight of that is that fertilizer in Canada to-day is $2 a ton cheaper than it was before the war and it is the cheapest fertilizer in any country in the world to-day. The reason for that is the controls that Mr. Peart arranged at the beginning when he was appointed two years ago, because he had been in that particular department which dealt with fertilizers for twenty years and he knew the history of it from a detached position, which is a great advantage in connection with an administrator.

By Mr. Perley:

Q. Has the British Ministry of Food a representative in Ottawa?—A. Yes, I should have mentioned that. The British Ministry of Food set up an office in Ottawa, I think, a little over two years ago. For two years previous to that, at the beginning, it was all done direct with London, and then they had a representative at Washington but now they have one right here in Ottawa. That has improved things greatly and made it very much easier to get direct connections. The representative they have had here all along has just returned to the old country and a new man has come out to take his place. They co-operate very well indeed.

Mr. MCNEVIN *(Victoria-Ontario):* In connection with this grain assistance policy, I believe a small portion of the freight is paid by the consumer in the province of Ontario—

The CHAIRMAN: Just a moment, if you don't mind, Mr. McNevin; could we clear this matter up first?

By Mr. Blair:

Q. Can the same rollers be used in evaporation and in the process for drying milk?—A. No, they use only the spray dry method. It has to be sprayed into the air. The roller will not make the dry product.

By Mr. Evans:

Q. Reference was made to certain surplus products, would you indicate to the committee what they were; would you enumerate some of those products?—A. Well, we had eggs; wheat—then and now; we had butter, at that time I think—quite a long group of things; cheese, honey, etc., cattle.

Q. Was there any surplus of these products at that time?—A. Yes, we were shipping cattle to the United States—the quota was always filled and we always had a surplus of cattle.

By Mr. Senn:

Q. Does the wartime food corporation purchase cattle?—A. Not at present.

By Mr. Rickard:

Q. Does your board take into account the apple barrel and box situation?—A. Yes, we would if the matter came to our attention, or if we saw it needed attention, we would take the matter up with the appropriate official in M. and S. or through the war prices board that is in charge of that thing.

Q. That has not been brought to your attention?—A. Yes, it has, and it has been taken up with them.

Q. Do you know if everything has been done with regard to it? It is going to be a serious problem.—A. I cannot tell you. I think there will be something done but the only thing available now is to give a bonus to the barrel manufacturer.

Mr. RICKARD: It is pretty late in the season for that now.

By Mr. McNevin (Victoria-Ontario):

Q. Has your board anything to do with butter?—A. We have made representations in connection with butter boxes; we have nothing to do with butter as butter, it is the dairy products board which deals with that.

Q. Is it your intention to ship butter if a surplus keeps up?—A. That would have to be answered by the dairy products board.

By Mr. Evans:

Q. Your surpluses have practically all disappeared?—A. Yes, they have all disappeared. The surplus, to the extent that there is more than we can use in Canada; but in most cases not enough to supply the people all they would like to have; but there is some surplus as far as we are concerned.

By Mr. Senn:

Q. You mentioned the British Food Commission at present in Ottawa; is your relation with them, is it only that of discussions?—A. We arrange agreements with them. Their terms of reference give them authority to sign on behalf of the British Ministry of Food and take certain action in regard to all the products—

Q. Are these agreements confidential, or could they be produced to the committee?—A. Well, I do not know; it is a government agreement, and whatever is the proper thing in regard to government agreements will be done.

Q. I do not want to ask for them if they are confidential, but if they are not confidential I think we might very well have them.—A. In most cases the information is public property; for instance, the bacon agreement prices have been made public, that information is known all over this country; so far as the rest of the agreement is concerned, it is just a lawyer's document saying we will agree to take from you so much and we will agree to pay you for that at a price of so much—that is about all there is in it.

Q. And the bonus?—A. The bonus does not appear in the agreement.

Mr. SENN: No, but the price is affected by it.

By Mr. Leger:

Q. Has your board anything to do with the ceiling price?—A. We have given it some consideration—not the ceiling price, except that we have made representations occasionally that some ceiling price was a little say out of line or appeared to be too low or too high or something.

Q. You deal with the floor prices?—A. Well, we have given some consideration to it.

Q. Have you given consideration to the establishing of floor prices on potatoes in the fall of the year?—A. Yes, that has been given some consideration and it is one of the hardest agricultural products on which to arrive at a decision that would be completely satisfactory in every case. That is a very difficult product to discuss, putting a floor on potatoes.

Q. On the other hand, it is very difficult for the farmer to know exactly what he is going to do in the spring of the year; if he were assured of a decent floor price he would grow potatoes.—A. Well now, I may be a little old-fashioned, but I do not believe that the Canadian farmer has got to the point where he has got to have someone to tell him what he is going to do in the spring of the year. If he does not know through his own judgment and by watching the markets and knowing all that his neighbours know and everybody else, if he cannot then make up his mind in regard to his year's performance, I do not know anybody who can help him. Now then, if you put a floor on potatoes high enough to interest the people—everybody will be prompted to grow potatoes and then somebody has got to decide what to do with them.

Q. You control the wheat question, do you not?—A. No.

Q. You do not control the wheat question?—A. No.

Q. You do not pay them for the wheat; is the farmer not entitled to his cost of production?—A. I repeat what I have said before; I am not sure it is possible to develop a program that will do that thing, that will give the cost of production; because the cost of production varies everywhere. If there were a floor on potatoes it would be possible for any area to increase its potatoes to an unlimited degree. It is a difficult problem, and I fear that it is one that we have not yet made a decision on.

Q. Comparing the wheat question with the potato question, you tell the western farmer that he will be allowed to dispose of 15 bushels per acre?—A. Yes.

Q. Or if he does not grow wheat and grows coarse grains he is going to be paid so many dollars per acre. You do not do anything of that kind for the potato farmer; you do not tell him he is going to have a certain price say in the fall of the year; you do not tell him anything, and you tell the farmer that he should know all that himself—A. No, no.

Q. You protect the wheat farmer—A. No.

Q. At our expense.—A. That is a different problem. The action in connection with coarse grains was to place land that is ordinarily being used to produce a cash crop such as wheat into coarse grains. Some policy had to be adopted, and that is what it was. Whether it was the right one or not, I am not in a position to say; but after all it did accomplish its purpose which was to increase the production of coarse grains. But not potatoes. We would like to get the potatoes—and apparently most people think we will get them by the fact that prices are firm and strong. The United States is in a very short position and Canada was short lately; but the whole picture is one that farmers ordinarily take advantage of by increasing their potato crop; and I think they will, although last December the representatives for the martime provinces at a conference which we called here, every one of them came out and said they were not going to increase their acreage in 1943, and one of the three provinces indicated there would be a decrease in production by 10 per

cent. However, since, I understand that that has not been done and there has been an increase; and they have increased without a floor and without any assistance and without any guidance except their own thinking, they know that potatoes are good property.

Mr. RICKARD: If they got the prices up?

The WITNESS: Yes.

Mr. LEGER: In our part of the country farmers were producing potatoes for as little as 30 cents a bushel.

The WITNESS: Well, they will not be next season.

By Mr. Leger:

Q. We have been given no consideration at all. I think the situation could have been controlled because I think if we had a surplus of potatoes—I do not expect we will have a surplus of potatoes during the war—but at one time we did have a surplus of potatoes. And don't forget this, that potatoes are not like wheat; wheat can be held for many years, the potato only lasts for nine months. Well now, at the present time we have a dehydration plant, and I think the government might very well take that into consideration in developing a program.—A. Yes. That is a problem that is worthy of consideration and one that we have approached a number of times; and I say to you frankly that we have been unable as a board to arrive at a decision whereby we could make a definite recommendation at this time.

Mr. LEGER: I think it is well worthwhile considering.

Mr. MCNEVIN (*Victoria, Ontario*): In connection with the shortage of potatoes I think it will probably be recalled that in a very large proportion of Ontario last year there was very heavy damage to the potato crop by rot.

Mr. LEGER: And by frost in our part of the country.

The CHAIRMAN: Gentlemen, it is nearly one o'clock; can we take it that the committee has a sufficient outline of the activities of both the supplies board and the special products board?

The WITNESS: With the exception of the special products board, Mr. Chairman.

The CHAIRMAN: Could you give us that now, an outline of the special products board; then we will have the individuals who are administering the different branches of the board to give the details.

Mr. SENN: Mr. Chairman, will Dean Shaw be back again?

The WITNESS: You mean, this week?

The CHAIRMAN: Yes.

The WITNESS: Yes, I will be here this week.

The CHAIRMAN: Perhaps you will go on and give us the outline of the special products board.

The WITNESS: That will only take a minute. The special products board—it is not surprising that perhaps there should be a little confusion about this special products board. The reason for establishing it was this, that there had been at an early date established a bacon board to take care of the first contract that was made in 1939 with Britain for a certain quantity of bacon. There had to be some group set aside to administer the thing and see that the contract was fulfilled; so the bacon board was set up with that specific job to do. Then later a cheese contract was entered into, and it was anticipated that condensed milk, butter and other things might come into the picture; so the dairy products board was set up. Then, these two things seemed to be the most important on a large scale, there wasn't anything else which lumped anything like as large at that time; but there were a number of things Britain was inquiring about,

such as canned tomatoes for instance and certain kinds of soups, and a little later on eggs, and earlier on in the war honey entered into the picture, and dehydrated apples or dried apples, fresh at one season of the war; then there was this fibre flax which had a part in this thing; so it was decided by departmental officials to set up a special products board to take care of these things pertaining to agriculture outside of meat and cheese. There are three members of the board: Mr. Hamer, of the Livestock Branch of the Department of Agriculture; Mr. Major of the Department of Trade and Commerce, and myself. We have entered into contracts with regard to these products with Britain and the United States—the flax product, eggs—those in the shell; and later, dried—and now dehydrated vegetables, together with a lot of small items that do not figure very large. This board is not a spending board as in the case of the supplies board which is able to spend some money to get a product going or to get it started; but this board can only use the money that is placed to its credit by the buyer of the product, so that it must operate within itself in that way. We do not buy the product, we make an agreement of so much a pound if you like; the best agreement that we can arrive at after long negotiations, sometimes, and very careful study. After that stage is completed the board has to get the goods and fill the contract. That briefly is the work of the special products board. It differs somewhat from the supplies board in that it is not supposed to consider anything outside of the actual negotiating, and then filling the contract for the products pertaining to agriculture.

The CHAIRMAN: You may take on new products if they are necessary at any time?

The WITNESS: Oh, yes, any new products that there are any inquiries about will be taken on. For example, at first they were interested in just four vegetables: cabbage, carrots, potatoes and turnips; then they increased their interests to including parsnips and spinach and onions and things of that sort; and other things may attract their interest as time goes on and they would ask the department to arrange for any other product in which they might be interested.

The CHAIRMAN: Gentlemen, the committee stands adjourned until to-morrow at 11 o'clock.

The Committee adjourned at one o'clock to meet again to-morrow, June 18, 1943, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

FRIDAY, JUNE 18, 1943

WITNESSES

Mr. F. W. Presant, Feeds Administrator, Agricultural Supplies Board.

Mr. Nelson Young, Seeds Administrator and Flax Fibre Administrator, Agricultural Supplies Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

FRIDAY, June 18, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Cardiff, Cloutier, Cruickshank, Dechêne, Douglas (*Queens*), Evans, Fontaine, Gardiner, Golding, Gregory, Hatfield, Henderson, Kirk, Lafontaine, Leader, Leger, MacDiarmid, McCuaig, MacKenzie (*Lambton-Kent*), McNevin (*Victoria, Ont.*), Matthews, Perley, Rhéaume, Rickard, Ross (*Middlesex East*), Ross (*Moose Jaw*), Senn, Weir, Whitman.—29.

In attendance: Mr. F. W. Presant, Feeds Administrator, Agricultural Supplies Board, Mr. Nelson Young, Seeds and Flax Fibre Administrator, Agricultural Supplies Board, and Mr. K. B. Conger, Manager, Fruits and Vegetables Section of the Special Products Board.

The minutes of the last meeting were read and, on motion of Mr. McNevin, approved.

Mr. Presant was called. The Committee heard a general statement from Mr. Presant dealing specially with freight assistance policy.

After examination, witness retired.

Mr. Young was called. He gave a general outline of the seed situation in Canada and concluded with a brief statement on the production of fibre flax.

At 1.00 o'clock witness retired and, on motion of Mr. Golding, the Committee adjourned until Tuesday, June 22, at 11 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 18, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: We have with us this morning, Mr. F. W. Presant, the Feeds Administrator in the agricultural supplies board of the Wartime Prices and Trade Board. Will the committee be prepared to hear a general statement from him and then continue on with any discussion?

Some HON. MEMBERS: Agreed.

The CHAIRMAN: I have much pleasure in presenting to you Mr. Presant who will proceed with the presentation.

Mr. F. W. PRESANT, called.

The WITNESS: Mr. Chairman and gentlemen I believe yesterday Mr. Shaw mentioned that in so far as the administrations that were set up came within the agricultural group, that those administrations are joint administrations of the Wartime Prices and Trade Board and the Department of Agriculture; in my case, feeds administration, I am jointly responsible in so far as agriculture is concerned to the agricultural supplies board, and at the same time have the responsibility of the Wartime Prices and Trade Board that is invested in this administration with respect to matters concerning prices. The two are very closely associated and it is very difficult to differentiate between them, and as far as a direct workable set-up is concerned it seems to be a most desirable arrangement. You can well imagine that supplies and prices are pretty hard to differentiate between; and so in our administrative work we try to keep in mind and to deal with these problems from both angles and to dovetail the requirements of both into something that is as workable and practicable in the way of administration as we can. The first responsibility that came to me when I came to Ottawa on the 1st of October, 1941, was to try and work out the development of the freight assistance policy which had been in effect for a few days. The first policy became effective about the 27th of September and from thereon we undertook its development so it could be made workable; and it has been operating since that time—just recently the Hon. Mr. Gardiner I believe made a statement to the effect that it was to continue indefinitely.

I have figures here which may be interest to you relative to the freight assistance policy which provides for the movement of grain from the prairie provinces into British Columbia and from the prairie provinces down here into eastern Canada. From the inception of the policy in October of 1941 up to the end of May 1943 there has been a total tonnage as represented by grants made from freight assistance of 2,859,955 tons; and the government has paid out against this end and for that tonnage $15,278,831.47. I have it broken down by provinces if you would like to hear that.

Some HON. MEMBERS: Yes.

The WITNESS: Breaking it up into provinces, the movement of tonnage to Ontario was 1,177,245 and the amount of money was $5,097,602. For Quebec the tonnage was 1,108,567 and the amount of money, $5,779,585.94; for New Brunswick the tonnage was 139,681 and the amount, $1,047,607.50; Nova Scotia 172,741 tons and the amount $1,397,015.10; P.E.I. 43,807 tons and the amount of money $359,217.40; British Columbia the tonnage was 217,914 and the amount

of money $1,397,803. Now you will notice as far as the relationship between tonnage and the money goes that the further east we go the more they represent because the freight from Fort William and Port Arthur where the grain originates increases as the haul is further east.

By Mr. Evans:

Q. Was it paid to the individual, or was it paid to the distributor?—A. It was paid to the station where the car of grain was delivered, to the point of final destination.

The CHAIRMAN: Where is your basis for paying freight from the prairies to British Columbia?

The WITNESS: Calgary and Edmonton. We had to work on the existing railroad rate structure down in eastern Canada that break comes at Fort William and Port Arthur, and in the west the most practical points are Edmonton and Calgary as a base.

By Mr. Leger:

Q. I presume these grants are for feed grains only?—A. For feed grain and mill feeds, mill feeds made from western wheat.

Q. The flour is not included?—A. Flour is not included, but it does apply to mixed feeds, commercially mixed feeds, to the extent that they may have these grains in them.

Q. These cars I suppose might include wheat in them?—A. Oh yes, all the commercial grades of wheat.

Q. On No. 1 wheat also?—A. If it is used for feeding.

By Mr. Cruickshank:

Q. How about the case of the farmer who has a farm in Saskatchewan and also has a farm in British Columbia and takes his own grain out and feeds it at his own farm; can he get the assistance?—A. Yes, providing he is a legitimate feeder, who takes that grain from this area from which it can be moved into areas in which freight assistance is paid; anybody can get it as long as they prove that it is being used as feed.

Q. Can he get it, say a farmer in Saskatchewan wants to take a carload lot out to British Columbia and sell it among his neighbours, can he do that?—A. Yes.

Q. Providing it is sold for feed?—A. Yes, but there is a little restriction there; under the Wartime Prices and Trade Board regulation he would have to have a license as a dealer in order to do that. He can buy them himself for his own use and he can trade his own crop that he grows on his own farm amongst the farmers, but if he wants to sell it to anybody else he will have to have a license in order to do that.

Q. We have had a number of cases in British Columbia where farmers on the prairies wanted to take their wheat out and sell it there in five or ten-ton lots, and they were told by the officials that they could not get the assistance unless they had a car lot.—A. Oh yes, they can get the assistance. We have application forms that are made out especially for the individual farmer to put his own claim in on. They differ from those used by the trade.

Q. Can it be done?—A. Oh yes.

Mr. EVANS: Mr. Cruickshank is perhaps overlooking the restrictions of the quota.

The WITNESS: That is a matter of policy of the Canadian Wheat Board.

By Mr. Senn:

Q. Mention was made of five and ten-ton lots; I do not suppose the grain shippers at Fort William or Port Arthur would be interested in anything less

than a carload lot.—A. Oh, I think I misunderstood the point Mr. Cruickshank was trying to make; they could split it up.

Mr. CRUICKSHANK: At arrival in British Columbia?

The WITNESS: That is done.

By Mr. Senn:

Q. What about the farmer who wants to buy a five or ten-ton lot and nobody else wants to buy any in his immediate vicinity; can he do that?—A. Not unless he can find someone who will go with him to take the balance of the car. We have to confine it to carload movements. But he could get it in another way, he could bring down a mixed car, bring something else down in that car like mill feed or middlings and when he would still be able to get the assistance. We are interested here only in carload movements.

Q. And the milling companies have to get a permit to get a carload rate, even though they were making up the balance of the car?—A. Yes; and I might say that the movement of that grain is followed through right from Fort William, no matter what channels it goes through; and we have a system set up whereby anybody who may bring that down. The original man who brings that down into the east, he sets up what we term a primary credit with the Treasury Board administrators, and then he can dispose of that grain; he may sell it himself direct out to the feeders or he may dispose of it to one, two or more parties, but each time there is a document that follows on through util it gets to the ultimate feeder; and we do not care a great deal what happens beyond that point as long as the records are clear—we can follow its course.

By Mr. Rickard:

Q. Can anyone bring down a carload of feed grain; that is, can the farmer here buy from a farmer out there direct without going through the established trading channels other than that?—A. You are getting into something that is out of my province there because you begin to get into the matter of wheat board policy with respect to deliveries under quotas. As far as we are concerned the freight assistance payment is made when it conforms to the requirements of the order. We do not care how it is obtained out there or where, we will pay the freight assistance on it if it is going to a legitimate feeder.

Q. That is, from Fort William?—A. We will pay the freight assistance from Fort William on that portion of the freight, but we do not in any way go back beyond that point.

Mr. CRUICKSHANK: Of course, that is the point. As far as you are concerned you are just operating the plan within such limitations.

The WITNESS: I think the matter of the quota comes in there. I know we have had a number of inquiries about it and they have all been referred to the wheat board.

The CHAIRMAN: And you naturally get inquiries from people who did not get all their grain marketed, and of course they cannot market over and above their quota.

The WITNESS: That is right.

By Mr. Rickard:

Q. What would the wheat board have to do with it supposing you were dealing from here?—A. They have to administer these quotas I believe, as your chairman understands.

Q. The farmer in the west has a great deal more grain than he can deliver and the farmer here in the east wants to buy a carload of that grain; I cannot see why the wheat board should have anything to do with a contraction of that kind.

The CHAIRMAN: Gentlemen, may I remind you that our proceedings are being taken down by the reporter and it would be appreciated if you would speak a little louder please, and also, one member at a time.

Mr. RICKARD: I was talking about a carload of grain, not wheat.

The CHAIRMAN: Coarse grains are also under a quota for deliveries.

Mr. CARDIFF: The fact is that the farmer cannot buy a carload of grain unless he buys through a commission firm.

Mr. CRUICKSHANK: That is right as far as British Columbia is concerned.

By Mr. Ross (Middlesex East):

Q. I am afraid I missed the Ontario assistance figure when you were giving it; would you mind repeating it?—A. The amount was $5,297,602.50.

Mr. ROSS (*Middlesex East*): Thank you.

By Mr. Senn:

Q. I would like to ask Mr. Presant one question; I understand there is a ceiling price on barley and oats, is that right?—A. Yes sir.

Q. Where is that ceiling price set, at Fort William or what point?—A. It is on an in store basis, Fort William or Port Arthur.

Q. Then you buy from the board if there is a carload demanded?—A. Yes.

Q. And there are certain other incidental expenses such as commission paid, loading and so on, and they all enter into it; could you give us any information as to what that amounts to on a bushed of oats or barley to the feeder down here, you must have some figure to show the freight spread between the selling price at Fort William and the price down here, the actual cost to the feeder, I think that is important.—A. I anticipated that that question might be asked, Mr. Senn, and I worked it out roughly here: the ceiling price that was established for oats was 51½ cents a bushel in-store at Fort-William and for barley it was 64¾ cents per bushel. Now, in-store means before the gain is loaded out on to the track.

Mr. CRUICKSHANK: That would be the same with respect to the western points, Calgary and Edmonton?

The WITNESS: It is relative to that, there is a difference of the freight.

Mr. MCNEVIN (*Victoria-Ontario*): That would be on grades 2 and 3?

The WITNESS: That would be on 2CW or any lower grades.

Mr. MCNEVIN: Would it go up if the demand warranted it?

The WITNESS: It was based initially on the 2CW grains because there was a variation in the spread at that time. The basic period prices control.

Mr. HATFIELD: What is the base on wheat?

The WITNESS: There is no ceiling now on wheat.

The CHAIRMAN: The market price would govern wheat.

Mr. MACKENZIE (*Lambton-Kent*): It seems that in some parts of the eastern provinces where they have been buying barley that the price of barley has gone up $2 in the past two weeks; could give us any information about that rise?

The WITNESS: May I answer Mr. Senn's question?

The CHAIRMAN: Mr. Senn asked a question which was of general interest and I think we should deal with that first.

The WITNESS. With the ceiling price in mind I would calculate the laid-down cost of a carload lot in bulk to Ontario points: for oats 55½ to 56 cents a bushel—and that is with the freight assistance.

Mr. MCNIVEN: I think you said the freight is all figured on a carload basis.

The WITNESS: Yes, I will explain that.

The CHAIRMAN: You are talking about the price of oats in car at Ontario at the point of unloading.

The WITNESS: Yes, every purchase by a local dealer or farmer at a local point.

Mr. SENN: The cost delivered, adding the loading cost and all other charges.

The WITNESS: Yes and there is the commission man in between who has done the business; there are two of them involved, there is the agent at Fort William and there is the grain merchant down here who makes the contract with the seller at Fort William. Then in all it would work out to about 69¼ or 69½ cents a bushel.

Mr. HATFIELD: Is that the Fort William price to the producer?

The WITNESS: No that is the delivered price at an Ontario point.

Mr. CRUICKSHANK: Then again I would like to ask you in connection with the farmer who wants to buy a carload direct from a farmer in Saskatchewan, can he take advantage of this freight assistance?

The WITNESS: There is nothing to stop that as far as we are concerned.

Mr. GOLDING: Mr. Cardiff raised a point there I think we might follow up.

Mr. EVANS: When Mr. McIvor was here before us that question was distinctly asked and he said a permit would be issued in any case where the farmer was still within the quota available to him.

The CHAIRMAN: Mr. Cardiff will you follow up your question please.

Mr. CARDIFF: I made the statement that you could not buy a carload of grain unless you bought it through a commission merchant.

The CHAIRMAN: It does not follow that you will be buying to any better advantage.

Mr. GOLDING: As to the point raised by Mr. Cardiff, I have heard that a good many times.

Mr. CRUICKSHANK: So have I, and I still think it is right.

Mr. MCNEVIN: No, it is not right.

Mr. CARDIFF: I raised the question because I personally tried to buy a carlot direct and I found that I could not do it; and I know a number of others who would like to do the same thing and could not do it.

Mr. SENN: Might I ask this question then; suppose there were three or four farmers who went together to make up a carload and wanted to buy direct, would they be able to get it?

Mr. GOLDING: Yes, Wes Jefferson who lives not far from our town, bought a carload that way.

Mr. HATFIELD: I would like to know this, there are so many boards, who has the final say, is it the Wartime Prices and Trade Board, the Department of Agriculture or the Department of Trade and Commerce; who has the final say in the matters? I know the wheat board have their regulations, and then there is the Wartime Prices and Trade Board and your department; who has the final say?

The CHAIRMAN: I do not think there are differences in the regulations, Mr. Hatfield, and I do not think there has been any attempt at evasion. The point that has been raised here has to do with the general storage situation in western Canada whereby the quota system of delivery was instituted so that the farmer could have an equal opportunity to delivery both his wheat and coarse grains. And now, so long as the farmer is within the delivery quota he can secure a permit; or at least I will put it this way, he can sell to an eastern individual who may want to buy and the buyer can secure the freight assistance on the feed grain.

Mr. HATFIELD: Yes, I know that is the way it should be, but it is not so. It is not that way.

Mr. LEGER: Sure it is not.

Mr. HATFIELD: That is why I wanted to know who has the final say in this matter. Personally I think it is the Food Administrator who should have the final say.

The WITNESS: Well, we do, so far as paying freight assistance is concerned, and we have paid the freight assistance.

Mr. HATFIELD: I know I tried to buy a carload of barley direct from a farmer in the west and found out that he could not sell it to me.

The CHAIRMAN: I presume that the man you were trying to buy it from had already delivered his full allotment of grain and so was no longer in a position to make a shipment to you.

Mr. HATFIELD: I understand that.

By Mr. MacKenzie (Lambton-Kent):

Q. I would like to clear up that point I raised, that the price of barley has gone up during the last two or three weeks; barley has advanced $2 a ton—how could that be possible?—A. It could be possible—I haven't got the market quotations before me—but it goes back to the base period when the ceiling price of barley was fixed. It has been down since then and it has now come back up to its ceiling and it is not expected to go any higher. Some of the lower grades of barley were down also and are coming up in line with the ceiling price which was fixed during the basic date period.

Q. I assumed that it had been up to the ceiling all along?—A. No, it has not.

Q. It fell?—A. Well, there had been a spread in some of the lower grades. It is the matter of the ceiling price fixed during the basic period on barley. These lower grades were selling below the ceiling and now they are coming up to it, but after the ceiling is reached it will not go higher.

Q. Could you give us the ceiling price on the different grades?—A. I could not give that to you off hand, I haven't got it with me. There was only one price placed on the grain and it was based at the time it was established on number 2CW oats and number 2CW barley, and these other grades have at times come up to, or very closely to that ceiling.

Mr. EVANS: But the great bulk of barley is of the lower grades.

The WITNESS: Yes. With the ceiling price on where it is now you are getting better grades of barley—just as good, if not better—when you can buy them, at the same price.

Mr. MCNEVIN: I had a question there regarding the commission involved in the handling of a carload through from the elevator.

The WITNESS: That is handled under the general policy of the Wartime Prices and Trade Board which fixes the service charges, commission, brokerage and so on on the basis of the date back in the basic date period. If a commission firm were charging a quarter of a cent a bushel or a half a cent a bushel as his commission rate on certain types of sale and that was his maximum charge during the period he cannot exceed that. Then we have had occasion to make investigations and we found that in the main the thing has been carried out and adhered to very well—in almost every case they are able to refer back to the charges they made in the basic period; we check them on that and confirmed that that was their rate of charge during the basic date period. They are on a definite basis under control and while it may vary with the odd individual firm the general charge is somewhere around one-eighth to one-quarter of a cent a bushel.

By Mr. Senn:

Q. Was the price ceiling on these coarse grains fixed while you were the Feeds Administrator?—A. No, I was not there then.

Q. I thought I understood you to say that you were in charge of that, that you had direct contact between your board and the Wartime Prices and Trade Board and that that matter would come under you for consideration.—A. Well, I am afraid that I was not down here at that time.

Q. Was it anybody in your department?—A. I think I would have to refer that to the Hon. Mr. Gardiner, he would know about that.

Hon. Mr. GARDINER: Mr. Presant was brought here by the Department of Agriculture in the first instance to take charge of the movement of feed grain from the west to the east. I am not just sure of the date—I am informed that it was October 1st, 1941—that was at the time that we brought that policy into operation.

Mr. SENN: If you are not able to answer that I will not press the question. I had thought that there was consultation between your board and the Wartime Prices and Trade Board as to the price of feeds.

The WITNESS: There is, Mr. Senn; there is very close co-operation now; but that was in the early stages when this whole price ceiling business was set up; and that was all prior to the time that I took over my responsibilities, and it was also prior to the time when this particular form of freight assistance was announced.

Hon. Mr. GARDINER: If I might just add some remarks further with regard to that; there was nobody consulted, it was the prices that happened to be in effect as of that date—the highest prices between the dates of September 15th and October 11th. The highest price during that period was taken and nobody was consulted about it.

Mr. SENN: It seems rather a surprise to me that no consideration was given to it other than that. Then of course to that basic price had to be added all the different charges that have been referred to, the commissions, the loading charges and so on; and that all had to do with the present price of oats and barley and coarse grains. I think that is an important question I would like to find out from somebody if any consideration was given to that by this board.

The WITNESS: I think I will have to refer you to Mr. Gardiner on that. I believe it has been established on the basis of the ceiling price on barley that the hog-barley ratio runs approximately 22 per cent—that is considered fairly favourable by livestock men.

Hon. Mr. GARDINER: A pound of pork will buy 6·7 pounds on the basis of the long time average. At the present time it pays for 7·2 pounds.

Mr. SENN: Well, I will not follow that up any further at the present time.

By Mr. Hatfield:

Q. Before the war the farmer in eastern Canada could go to his dealer and buy oil-cake meal, fish-cake meal, or ground gluten and use his own grain to mix his own feed. I understand today that he has to buy the complete mixture mixed by the grain mills or the feed mills before he can get these protein supplements. Is there any way that the farmer can buy his own supplies, say he wants 300 pounds or 200 pounds of oil-cake meal or fish-cake meal or supplement to make up his protein feeds and use his own grain; can he buy these concentrates from his dealer?—A. I think I can best answer that by referring to another stage of the feed picture, mill feed, bran, shorts and middlings; to-day these have been used to a far greater extent in Canada for

domestic consumption than they have ever been used in eastern Canada before. The mills are running at full capacity and from my calculations of the last four or five months 95 per cent of the mill feed production is being sold in Canada. And yet you can go into almost any dealer's store and he will be short of millfeed. Now, it is not because he has not got more millfeed than before, but he has more demand and that stuff just evaporates. That is part of the answer to this oil-cake and protein supplement question.

By Mr. Hatfield:

Q. Farmers cannot buy oil-cake at all from his dealer, he must buy a complete mixture from the feed mills.—A. Well, from the information I gather—

Q. Through his dealer. Suppose he had 17 tons of barley and oats and wheat, why should he have to sell that barley, oats and wheat and buy a complete mixture when he could buy the oil-cake meal and mix it himself at much less cost? Why should he have to sell it and buy the mixture? Why could not the supply of oil-cake meal that is available be made available to the feed dealers in the different sections, instead of making it all available to the big feed mills that charge an extra price?—A. No, it is not all made available to the big feed mills.

Q. I understand it is is.—A. No. The oil-cake in this country, up to the present, has not varied greatly, there has not been any appreciable increase from pre-war days so that relatively you have the same amount of oil-cake meal being turned out as was being turned out when there was half the demand—when everything was free and open. Now the oil-cake meal manufacturers are allocating their supplies, following the policy of the Wartime Prices and Trade Board. They do it on the basis of the channels that were used in 1941; that is, if a dealer in the country had bought a car of oil-cake in 1941 and the feed manufacturer had bought ten cars in 1941, each of them gets the same proportion, but the demand for it has so increased that the amount has shrunken to only a small proportion of what they need to take care of their requirements. We just have not got the oil-cake meal or any other of those products to distribute around to them, but the proportion available has to be used before we get into the increased production of live stock, and consequently the demand for those feeds has increased, I know.

Q. The country dealers tell me, the dealers that bought a carload of oil-cake meal in 1941, that they cannot get any today.—A. Well, there is a lot of that going to them. I can quite undersand—

Q. Would that be handled by your department?—A. Yes, we undertake to try to.

Q. You issue permits?—A. No, we lay down the policy that the board has laid down and provide that to the companies and say to them, "Now, you have to follow that out."

By Mr. Evans:

Q. I think we have been feeding a lot of oil-cake meal for years, we have not had very much difficulty in getting our supplies in the last two years, we have had to take it in smaller quantities at different times.

By Mr. Rickard:

Q. I think, generally speaking, in the east it has been a hard job to get oil-cake meal and concentrates, but where dealers have it you can buy it—A. That is right.

By Mr. Leger:

Q. I presume the demand is so great for proteine that it creates a shortage; therefore, would it not be wise for the department to suggest that maybe a

fish-meal factory should be established in the maritimes where there are all kinds of fish going to waste. This stuff that is going to waste makes a wonderful protein food. Would that be under your jurisdiction?—A. Well, the production of primary products from fishing comes under the Department of Fisheries. We have been interested in it and took quite an active part in developing the essentiality of it and to that end have had conferences with the Fishery Department officials. They are fully aware of the need and essentiality of that product. I believe there is something being done at the present time just along the lines you are suggesting.

Q. I have taken the matter up with the Department of Fisheries for some time, for instance, with regard to herring, dogfish and the debris of codfish. There is a great possibility for that around the Northumberland strait. This year, even though herring were packed in large quantities, there was still a large quantity of herring that was not packed and which could have been available for protein. During the lobster season the fishermen catch a lot of dogfish, which are absolutely useless. There is too much oil in them to spread them on the farms, therefore they are just thrown overboard. They kill the dogfish and throw them overboard. Again, the cod industry has expanded a great deal all along the shore since the war and a lot of the heads and guts could be used for this purpose. I thought this came under your department and the Department of Fisheries. I wish you would consider this very seriously, as every one of us here, I believe, realize the demand for protein is very great and steps should be taken in order to increase the quantity.—A. I should like to answer that. I should like to confirm this matter is receiving some consideration.

By Mr. Hatfield:

Q. In the sardine weirs they catch a lot of fish that are of no use. They throw away tons and tons.

The CHAIRMAN: You had a question, Mr. McNevin.

By Mr. McNevin:

Q. Before we leave the question of the oil meal, may I say I think what Mr. Rickard says, as far as Ontario particularly is concerned, is true; it is difficul to get the oil-cake meal, but I believe the explanation is this: where there was probably one farmer interested in feeding feeds of a high protein content before the war there are now maybe three or four. Then, there is a very great increase in the demand for balanced rations and the feed dealers and feed manufacturers who have been bringing in this oil-cake, I think, are getting perhaps more oil-cake meal than previously, but in place of putting it on the market just as oil-cake meal they are mixing it extensively in the dairy, hog and poultry rations, and that accounts for the lessened quantity of pure oil-cakes meal being available on the market.—A. It might to some extent, but there is a question there whether it is not advisable when you have things in short supply like that—it means a more equitable distribution—to use it in a more efficient way, perhaps, because it can be spread out and blended with other foods and more farmers can get a little, whereas otherwise there might be a few get a lot and some get none.

By Mr. Cruickshank:

Q. Has your department anything to do with the increase in the price of feed grain, or should I ask some other official?—A. Increase in the price of feed grain?

Q. Yes, to the farmer; if that is not in your branch I shall ask some other official.

The CHAIRMAN: This is the Feed Administrator.

The WITNESS: There is no--

By Mr. Cruickshank:

Q. My information is that the price of feed wheat went up in one year 22½ cents per bushel and that 8 cents were paid to bring it down to 14½ cents per bushel for No. 3 and No. 4 northern, basis Fort William. If that is within your department how can you account for that?—A. I made the remark when we were talking about the ceiling price that wheat was not under the ceiling price; that is the one grain that there never was a ceiling price named for, and it is based on the market.

Mr. PERLEY: And never will be.

By the Chairman:

Q. Have you any other general information to give, Mr. Presant?—A. Yes, I was going to deal with another subject.

By Mr. Cruickshank:

Q. I am getting a lot of advice from a lot of people here. I understand that I was sat on here yesterday for asking the wrong official something, so I do not want to ask the wrong official questions to-day. As I understand it, the feed—the feed I am particularly concerned with is poultry feed. You say there is no ceiling on that; if there is not I want to know the ceiling permits an increase in the price. My information is the prairie farmer is not getting it. I want to know where that 22 cents went in one year. In our province a branch of the Bank of Canada, Buckerfield, was concerned. Did they get 22 cents or the farmer?—A. I would say the farmer got it; it is the open market price. He can sell the wheat any time he wants to; he gets advantage of the market.

Q. Why is it that immediately the government paid the subsidy on feed grain up went the price to the dealers that very week?

The CHAIRMAN: The open market price went up on feed grain. Feed grain has been one part of the wheat supply in western Canada that has moved out readily this year.

Mr. CRUICKSHANK: I am trying to find the excuse for the wheat board or the big company putting up the price. The very day the government paid a subsidy the feed companies in British Columbia put the price of feeds up to the farmer. I cannot see where that is consistent at all; it is not open market at all.

The WITNESS: Is that supported by the evidence?

By Mr. Cruickshank:

Q. It can easily be checked with the actual figures from British Columbia. —A. It is not in line with the evidence we had sent down to us.

Q. That is just the point and I do not think it was the intention of the government.—A. They are reflecting that freight assistance; it is permitted in their prices.

Q. That was not the intention at all, but it is an actual fact in the province of British Columbia. I am positive that was not the intention.—A. There is another subsidy payment that is administered in this administration that I was going to bring up, and that is the feed wheat payment. This became effective on August 1, 1942, when the advance was made in the paying price for western wheat, where the old basis expired at the end of July and the new came into effect in August, and at that time an arrangement was made—it was actually completed in September but was made retroactive to August 1, to pay on all wheat that was used for feed an amount of 8 cents a bushel to bring the relative price back to where it was in July and in line with the policy. We have put out up to the end of May, in eastern Canada, $892,303; on the prairie provinces, $21,913; British Columbia, $112,649, a total altogether of $1,026.865. That is still being dealt with. All feed wheat is being assisted to the extent of 8 cents

a bushel. There is an even more recent subsidy which has been put into effect this past winter with a view to encouraging the greater production of alfalfa meal to help out in order to meet the shortage position of some of these essential ingredients. We have the alfalfa in Canada as a raw product but were not getting the production of meal, and in fact the processors were backing away from it, they were going out of the business, so it was decided that the only way to get that production increased was to provide a more attractive return; up to date, that is up to June 16th, there has been paid out $9,164.48 on that account on the basis of $3 per ton, and that is applicable to all the provinces throughout the whole dominion.

By Mr. MacKenzie (Lambton-Kent):

Q. That goes to the processor?—A. That goes to the processor, but there is no control over the price of hay. Hay and straw were removed from under the price ceiling in the early winter of 1942 when it became evident that it was impossible to do anything in the way of controlling them, and in view of the circumstances that existed in eastern Canada where there was only a 50 per cent hay crop that year when it was necessary to bring out every ton of loose hay that could be got out, and that put hay and straw in a selling position with respect to price which related directly to supply and demand. There will be no control over that part of it. There is control of the part that goes into alfalfa meal—that part of it is fairly protected with respect to all the other factors. This bonus, of course, enables the buyer or processor to make his stuff and not charge an increase in his price.

By Mr. Perley:

Q. Before you leave this feed grain, you made a statement with respect to tonnage and dollars that had been dsitributed; I was wondering if you would give us a statement now as to the number of applications for this assistance you have had say since the first of August last year in Ontario and Quebec. If the Minister of Agriculture made the statement that this policy would be continued on indefinitely and I know it would be of interest to the committee to have the number of applications say since the 1st of August as applied to the largest groups, say Ontario and Quebec—and possibly also the Maritimes.—A. I could not give you that offhand. That would mean a considerable amount of work through the Treasury Office who keep these records. I know that it will probably run into a good many hundreds.

Q. You gave us the tonnage and the amounts and I think we should have the number of aplications.—A. I haven't any figures at all on the number of farms. I have a number of other breakdowns of the various sections by month and so on, but we have not been interested in the number of applications and I have not got that with me.

Q. But there were a great many individual applications?—A. Oh yes.

Mr. PERLEY: What I was going to suggest was this, suppose we take Ontario where we have dealers in a locality, feed dealers; would it not be a better policy to have allowed the dealers to make all the arrangements about getting grain from the west in carload lots and then distributed in the locality and have the local farmer make application through him. It would afford a more general and proper distribution, it would save a lot of extra money that you have here with a farmer going to a broker and so on. Then the quota element would be eliminated altogether.

Mr. MCNEVIN: Just in that connection I think you must remember that in the province of Ontario there are quite a substantial number of farmers' clubs who bring this up in to a siding and unload it direct to the farm. I am quite sure that these organizations would not wish to be put into the place where they had to go to the dealer to get their grain. I may be mistaken, but I look

at it in this light; I do not think the western farmer is going to sell his grain direct to the farmer in Ontario—

Mr. CRUICKSHANK: Why not?

Mr. MCNEVINS: Just in that connection I think you must remember that in these ordinary regulated channels. Now, the commission for handling this grain from Fort William, and all these set charges, come into the cost of distribution and I do not see where it makes any very great difference. I know that I have bought several carloads of grain, and I have bought it both ways, and I can see very little difference in the actual cost of that grain when you take into consideration the cost of loading and the various charges that are entailed. I do not know that there is any way in which you could materially reduce the present cost of a carload lot to the Ontario feeder.

Mr. Ross (*Middlesex*): Which did you find the most expensive?

Mr. MCNEVIN: I said, I found very little difference.

Mr. HATFIELD: Mr. Leger has brought up a very important subject there and I would like to have the Minister of Agriculture and the Minister of Fisheries get together on it; that is the immense waste of fish that is going on in the maritime provinces.

Hon. Mr. GARDINER: If I might make a suggestion, listening to this discussion I think you are getting nowhere. As a matter of fact, one man's theory is that we ought to do what we are already doing, and then we have a more or less general discussion about waste fish. I think it would be better if we were to get the matter cleared up that was raised by Mr. Perley and get it on the record right, because Mr. Presant is the only one who can do that for you.

Mr. PERLEY: I was only anxious to find out how many men got assistance. I am not pressing it at all.

Hon. Mr. GARDINER: I quite realize that. I was not critical of your question at all; but I think we have up to now had two or three explanations on it, and I thing Mr. Presant is the man to answer the questions because he knows the answers; and I think you will find what you are suggesting ought to be done is what is being done—if you get that cleared away possibly and go on to something else I think it would be better.

The WITNESS: That is correct, Mr. Gardiner; the way this freight assistance is handled it has been through the broker acting on behalf of the farmer, where the farmer wishes to buy that way. The farmer himself on the other hand if he wishes to can go direct and buy that stuff from the grain merchant who has it on sale in western Canada, or from whoever he wishes to get it through. So far as the board is concerned they can buy it whichever way the farmer finds it most economical and profitable. We do not make any restrictions. We assume this that the trade between the people who are doing the business has pretty well established the most economical way of meeting certain local conditions; and if they can improve on them it does not affect a man getting this freight assistance. It has been made as workable and as free from cluttering forms and regulations as possible.

Mr. PERLEY: I notice on page 136 of this report (Department of Agriculture) a breakdown of eastern Canada freight assistance which indicates the number of trains, so many thousand; and British Columbia—it gives the same details for that. Now, could you get us that?

The WITNESS: We could get it for you if you want to have it from August forward.

Mr. PERLEY: Yes.

The WITNESS: I was not aware that that had been published in that report.

Mr. LEGER: I believe that special assistance should be commented upon because it suggests that anybody who wants to buy feed grain by carlot is free to do so. I know in my district we have co-operative buying and groups of farmers get together and buy by the carlot and they should have that privilege. Otherwise, as I understand Mr. Perley, he would leave it all with the dealers and I think that statement is something which should be commented upon.

The CHAIRMAN: Are there any further questions with respect to freight assistance and feed grain?

By the Chairman:

Q. May I ask this question: what amounts are added to the selling price at Fort William?—A. There is the loading on to the cars charged at the elevators. And there is a small charge made by the Lake Shippers' Association; and there is the seller's commission. Now, as far as I know that is all the charges.

Q. But you do not know what these individual items are?—A. No, but offhand I use the figure myself of about 2½ cents, which is a nominal figure but it is a pretty good average and what the various grain merchants use in setting their—

Q. That is really the only additional cost added to the grain over the selling price for delivery?—A. No, you have to buy it down here.

Q. I mean, if it were shipped say to a co-operative direct.—A. Yes. If he buys direct from one of the Winnipeg buyers like Richardson, or Searls, or somebody else.

Mr. HATFIELD: That makes a delivered cost of 54 cents.

Mr. RICKARD: But if a farmer buys from a grower out there he saves 2½ cents.

The CHAIRMAN: No, it still has to be loaded, insured, handled and everything. Have you any further statements on policy that you can give us on feeds administration.

The WITNESS: No, I have not, unless there are some further questions to be answered.

The CHAIRMAN: Is that the general picture you would like to give to us this morning?

The WITNESS: Yes, unless there are some questions.

Mr. CRUICKSHANK: On bran and shorts—again I want to be sure that I am asking the right department—is there a ceiling price on bran and shorts?

The WITNESS: Yes, there is an order under the Wartime Prices and Trade Board that deals with bran and shorts naming a ceiling price for the millers and all intermediary selling prices. This is a specfic order in that particular case which irons out the individual ceilings and makes separate ceilings right across the board.

By Mr. Hatfield:

Q. What has been done in regard to the production of fish between your board, the farmer and the fisherman?—A. I do not know that I can do any more than say that we have discussed the matter and urged the matter with departmental officers. As far as fishmeal is concerned, of course, that is primarily a responsibility of another department and we cannot say what they are going to do. It is a question of policy of that department.

Q. You think that this fish should be thrown away and wasted; could it not be used for fishmeal instead?—A. We cannot save materials of that kind always.

Hon. Mr. GARDINER: I would think if somebody down in New Brunswick or Nova Scotia wanted to go ahead and put their money into a plant and make fishmeal they would find a very good market for it.

Mr. CRUICKSHANK: I understand that there is some objection to feeding too great a quantity of fishmeal, particularly to hogs.

Hon. Mr. GARDINER: If you feed too much fishmeal to hogs you would not be able to sell your bacon.

Mr. RICKARD: I was going to ask you something about these concentrates, what was being done to produce more concentrates than we have at the present time.

The WITNESS: That is all tied up with matters of a similar nature which are generally in a short position. We have been trying all winter to get material that will be useful for the purpose from the Commodity Prices and Stabilization Corporation, and they have not been able to buy it where they have it. It involves, of course, a lot of other factors such as the willingness or unwillingness of those companies who have it to sell it to us and in many cases where we have had purchases made the countries involved with supplying the stuff slapped embargoes on it and simply told us that they wanted it themselves. However, I can assure you that every effort is being made to explore domestic sources of supply, and everything possible is being done to get sources of supply from outside the country; so they do look for some improvement in the situation but it may never be noticed as the demand has kept on increasing too.

By Mr. Ross (Middlesex):

Q. The question of costs laid down at eastern points, you say that after a carlot leaves Fort William there is an average charge of 2¼ cents?—A. 2¼ cents a hundred.

Q. And that goes to the commission merchant, that 2¼ cents?—A. No, that includees the charge of loading the grain on to the cars at Fort William.

Q. That includes all the charges. When the farmer brings a car in from the west under the quota system he does not have to pay that 2½ cents does he?—A. Well, somebody is going to handle that car and load it and sell it to them and look after the clearing up procedure.

Q. Is that 2¼ cents at point of origin?—A. That is just based as I say—it is a nominal price—and that applies at the head of the lakes. But in addition to that down here in eastern Canada you have a merchant who will be buying that grain from the western man; and then the large brokerage houses that have been put up in large centers like Toronto and Montreal, and they in turn fan out all over the country and send it on to the little dealer who wants a car, once in two months or once in three months, or may be once a week, and they buy from him, from this broker who in turn has bought we will say from a man in Winnipeg. They charge naturally a commission and that is usually approximately a cent a bushel, that covers the cost of negotiating the sale and following it through to the delivery point. You have these extra little charges of a cent or two like that, depending on who it goes to and how many times it is handled by these middle men who are in the grain business. Of course, the farmer can go direct to the larger fellow and buy from him if he wants to, just the same as you can through the local dealer.

Mr. RICKARD: But still that 2¼ cents is chargeable.

The WITNESS: Oh yes, you cannot get away from that, those are fixed charges out there.

By Mr. Ross (Middlesex):

Q. What would be the charge if you bought a car from a farmer in the west and had it shipped straight through to yourself?—A. The only way you

could settle that would be to buy two cars of identical grain through these two different channels at the same time.

Q. That is what has been done and that is what we are trying to find out.—A. I think you will find there is no very great difference by the time you get them down here.

Mr. RICKARD: I find it rather difficult to understand just what the situation is. Suppose a farmer wants to buy a carload of grain from his brother in the west and the brother out there says I have the grain and I would like to ship it down to my brother in the east here but I am not permitted to do it; then supposing he were, as I understand it, this man who buys it down here must pay somebody 2¼ cents even if it is bought direct from his brother in the west.

The WITNESS: I do not think so.

Hon. Mr. GARDINER: I think possibly we are a little confused on that point. I do not think that is the answer Mr. Presant meant to give. The charge to which he referred is the one which applies from shipments out of Fort William. If the grain is bought at a point in the west and the car leaves the loading platform there and goes to the farmer down here the only charge is the freight.

Mr. RICKARD: That is right. I cannot see why the farmer should pay the 2¼ cents when he buys direct from a farmer in the west.

Mr. MACKENZIE (*Lambton-Kent*): If a farmer bought from a brother in the west he would still have to pay that 2¼ cents.

Mr. CRUICKSHANK: If he were silly enough to buy it from his brother he would probably have to pay 7 cents.

The CHAIRMAN: If there are no further questions we will release Mr. Presant. We are very much indebted to you, Mr. Presant, for giving us the information you have given us this morning.

The next representative that we had planned to have before the committee this morning is Mr. Young, of the Seeds Branch, and he also has to do with the agricultural supply board. Shall we start with Mr. Young now?

Some Hon. MEMBERS: Go ahead.

The CHAIRMAN: Mr. Young, may I say, has several branches of the service to give attention to. I was talking to him this morning and I suggested he proceed in whatever manner he thinks will be most suitable for him to give the information to the committee. If that is agreeable perhaps I think it would be the best way to proceed. I would ask Mr. Young when he starts to be good enough to outline his general activities so that we will all know just what his responsibilities are. Will that be satisfactory?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: We will now hear from Mr. Young.

Mr. NELSON YOUNG, Seeds Administrator, called:

The WITNESS: Mr. Chairman and gentlemen, I rather hesitate to name the various activities that I am connected with because it perhaps may give you a wrong impression of the size of my job. I was the assistant director in the Plants Products Division in peacetime, and later I was appointed Seeds Administrator in the agricultural supplies board in connection with supply and production: and later on I was given the title of Seeds Administrator in the Wartime Prices and Trade Board—that is in connection with price control. Later I became manager of the seeds section of the special products board, and in that connection my work is the purchase and sale of seeds to the United Kingdom or to her allies of any seeds that we might have to let them have. Then later on to tie up this work all in the one office I was privileged to become a member of the seeds section of the combined foods board in Washington; I suppose the idea—and I personally like it—was to bring in to our office almost all matters

pertaining to supply, production and distribution; and it also gives me some added advantage in getting an even larger picture than our own Canadian picture so far as seeds supplies to the allies are concerned. Well then, during 1941 I was appointed Flax Fibre Administrator—that is under the agricultural supply board—and immediately afterwards I was appointed Flax Fibre Administrator to the Wartime Prices and Trade Board; and then manager of the flax section under the special products board. So I can write to myself as Administrator in one department and tell myself what I think of myself and my work in some other branch.

Well now, in discussing this part of the work I said that I did not want to create the wrong impression; but the seed work is all tied into this one office in the old seed branch or plant production division; and we have, as you know, a number of men scattered all over Canada, and these men have assisted me greatly in carrying on this and other work which just fits in rather nicely.

Well, I will speak for the moment as Seeds Administrator in the agricultural supplies board; and with that board my job as I see it is to do whatever I can—I speak for all those who are associated with me—to see to it that we do everything we possibly can to have enough seed of the essential kinds for Canada and also as much seed as we possibly can to give to our allies.

You know how important seed is, I am sure I do not have to tell you. I might tell you something of the general situation,—although you are perhaps familiar with it,—particularly in the case of vegetables, all of which come from seed; in Ontario alone the vegetables, used for food and which are sold over the counters or in markets—not including the vegetables grown in backyard gardens and by the farmer—these vegetables have a value of about $25,000,000; and add to that the value of the food of this kind required by the other provinces and by the armed forces of our allies, I think it shows very clearly just where seeds fit into this picture from the food supply standpoint. When war broke out we did what every other group did, we took stock of our position and we found as you would expect that in cereals we had lots of seed, lots of material available to make seed; and in forage crops as at the outbreak of the war, we had plenty of seed. That did not hold true this last year, I will speak about that later. However, in vegetable seed and field root seed we were in a different position. We considered ourselves not in a safe position. It would interest you to know that about 90 per cent of our beet seed that we got, just prewar, came from Germany and Poland, the major part of it actually from Germany, and Poland and Czechoslovakia.

By Mr. Rickard:

Q. Did you say beet seed?—A. Yes.

By the Chairman:

Q. Sugar beet?—A. Yes, sugar beet and other kinds as well.

It is true that the United States are producing sugar beet and other vegetable seed on a large scale but, unfortunately, the United States is also an importer; even though at the outbreak of the war she was a tremendous producer still she was importing vegetable seeds. Well, we got many of our other kinds from continental Europe. After gathering information on sources of supply our next move was to check up on our supplies right in Canada, and we found that we had about a year and a half's supply. Now, that is normal position with seed, but it is not good enough at a time like this because a lot of these seeds are biennials and it takes two years to produce them. Our next move was simply to ask the seed trade to go to other sources and do their very best to locate additional stocks to get us into a safe position. At the same time the whole picture was considered by the agricultural supply board and others in the department—and it was decided that we should with the co-operation of the provinces sponsor a vegetable and

food root seed production program. That program was started in 1940 on quite a small scale; mainly in the maritime provinces and British Columbia, although some in Quebec and Ontario. I think I should mention, to make it entirely clear, that British Columbia had entered into the vegetable seed production and through their efforts they have trained a number of farmers so that we were able to speed up production, and what they have done provided a guide to farmers in Ontario and other parts of the dominion. Therefore we were looking to encourage the production of this seed. However, there were not nearly enough men trained, and the production of this seed is quite a job—isolation, handling, special machinery, special storage, equipment and so on—considerable training had to be given new producers and of course we had the co-operation of the provinces and the universities and all the growers' organizations too. I do not wish to go into the details, the program started on a small scale and I might indicate to you just what this program has developed into. I will give you the latest figures for the 1943-44 crop. Biennials as you know, means that anything started now will mature only in 1944. We are producing now or intend to produce—about 125,000 pounds of beets; about 100,000 pounds of certain kinds of beans; 4,400 pounds of cabbage; well over 100,000 pounds of carrots; 25,000 pounds of cucumber; about 27,000 pounds of lettuce; onions 111,900 pounds; radishes 80,000 pounds; spinach 57,000 pounds—there was some discussion as to whether spinach was an essential crop, as far as I was concerned I was not very anxious to grow it, but it is felt that there are a very large number of people who want it and it can be grown easily, it is an annual crop.

The CHAIRMAN: Are those figures pounds of seed?

The WITNESS: Yes, pounds of seed; these figures are all pounds of seed—tomato 3,400; swede seed 216,800 pounds and mangle about 300,000. That is the way we have developed and I think with this firm supply of essential kinds, plus we have in store or what we estimate is in store, plus firm contracts that we have in the United States that we are in a safe position for the spring of 1944, as far as field roots and garden vegetables are concerned. When I say a safe position, of course what I have in mind is that if Canadian seed matures then we should be entirely safe.

And now, in addition to that, and here I must speak as a workman for the special products board—we have almost as large figures under contract now to be delivered to the United Kingdom of most of these types of seed.

By Mr. Cardiff:

Q. Pardon the interruption; could you give us the percentage of the increase from prior to the war?—A. I have not worked that out. I do not know whether I have the first program here. I did not wish to bring over a lot of figures. Actually I can tell you with these beets we have a very small supply.

Hon. Mr. GARDINER: It is the production he is thinking of.

The WITNESS: In beets I imagine our increase has been perhaps 400 per cent, and in cabbage we are beyond that. I do not think we produced 5 pounds of cabbage in 1938 or 1939. Lettuce is the same. There was some lettuce produced but very little. There was not any cauliflower although one man in British Columbia was experimenting with it. Radishes again are away up. I rather hate to suggest that it may be 500 or 600 per cent increase. As to swedes our production pre-war averaged around 25,000 pounds, and we are asking for a production of about 216,000. In mangles we produced somewhere around 50,000 and we are asking for around 200,000.

By Mr. Rickard:

Q. Does it cost more to produce them here?—A. Yes, in most cases it does because of our winter in Canada. The roots have to be lifted and stored. Your

winter loss in this country is extremely heavy. British Columbia is particularly favoured because in some areas you can plant your seeds and a root will form and you can simply leave that root in the ground over winter in the field and it grows next spring, so that the costs of storage are less.

By Mr. Ross (Middlesex East):

Q. Is there any difficulty being experienced with the importing of vegetable seeds from the United States?—A. Yes, because since the formation of the combined foods board the United States has agreed to allocate supplies, and she has been very generous with all the allies. Actually they are more scarce than we are right now on many stocks of seeds.

Q. I gathered from what you said that the situation was all right for this year as to supply?—A. For the spring of 1943.

Q. Does that include the expected imports from the United States?—A. Yes.

Q. That includes the expected imports?—A. That is right, it does.

Q. Then those are not the Canadian figures; they include the United States figures?—A. No, I have given you our production figures here, our figures with what we are now carrying over from the spring of 1942 plus what we feel we can rely on getting from the United States.

Q. That is what I am trying to get at.—A. Will put us in a safe position, and I feel quite certain that is the case. Expect we will get all our deliveries from the United States, they are very carefully placed by our firms; the government down there has taken a record of them and I expect they will be delivered to us.

Q. If there is any change in the situation it will probably be for the worse as far as imports are concerned?—A. That is quite true.

By Mr. Rickard:

Q. We can look for the price to be about the same in 1944 as it is now?—A. Yes.

By Mr. Ross (Moose Jaw):

Q. We are exporting a considerable quantity to the old country?—A. Yes, under a production contract the seed is earmarked for them, taken into consideration in the allocation made by the seed section of the combined foods board.

I think before I conclude this seed section of the agricultural supply board I should refer to about five other items. I judge that you would be interested in them. Last year, as I suppose you all know, was particularly unfavourable for the production of seeds of alsike, red clover and alfalfa. Plans were made through our office to do what we could to help out. This is the first time that we were definitely short since the war began on any of these seeds. Plans were made to move alfalfa seeds from the west to the east. I do not think it is anybody's fault, but we got ourselves into a rather peculiar position because the United States prices for these commodities were higher than ours. Therefore buyers in Canada were very anxious to export, and export as rapidly as they could. I refer to western Canada particularly, because they are surplus producers there. The result was that we had to put the brakes on and hold that seed in the west. Some seed companies had bought for export and perhaps paid a little more than they would have paid had they not thought they were going to get this seed exported. When we stepped in we had to actually take possession of this seed. We actually had to purchase it and move it to the east. We moved 487,000 pounds to the east which we purchased.

By Hon. Mr. Gardiner:

Q. Of what?—A. Of alfalfa. There were 289,000 pounds shipped direct from western dealers to eastern Canada, to eastern dealers, that we did not have to bother about. This makes a total of about 776,000 pounds that moved from the west to augment the supply in the east which was estimated at 1,400,000 pounds. Actually 2,000,000 pounds is perhaps high for the average eastern demand, and in this year we have got more than our 2,000,000 pounds, but the programs to increase livestock, and so on, have created a tremendous demand and I must admit we could have sold a lot more alfalfa in eastern Canada. I feel that perhaps we just could not get hold of enough to meet that demand.

In red clover we had a production in eastern Canada of about 1,200,000 pounds. Eastern Canadian requirements are pretty close to 3,000,000 pounds. We purchased 786,000 pounds from the United States, brought it in and distributed it in eastern Canada. This seed was rateably distributed to the dealers through the regular channels, and it fell short of meeting the needs of the eastern Canadian people by quite a considerable volume. I would like you to know that the United States had commitments to deliver to Europe. When they had fulfilled those commitments they were in just as short a position as we were.

The alsike position was even worse, and the United States had an even worse crop than we had, so we simply could not get more than a relatively small amount, only about 167,000 pounds.

By Mr. Rickard:

Q. Was this all government No. 1 inspected seed?—A. No, it was all graded seed. The red clover and alsike were mostly No. 1 and 2. The alfalfa ranged right down to No. 3, and frankly we got more No. 3 than we expected or hoped to get. We were quite disappointed, but actually they had rather unfavourable conditions out in the west which resulted in the quality of their material being quite low.

By Mr. MacKenzie:

Q. Is it not true that a great deal of the No. 1 seed was exported to the United States previously and the No. 3 was sent down here?—A. Actually my records do not show that. My records show that all grades were sold to the United States and there was more No. 1 got into the United States in proportion than what was brought down here but they took a lot of the lower grades, too. Strangely enough the American buyers like to buy our low-grade stuff. They have good cleaning equipment down there and they can take our low quality material, at a low price and dress it up. They take a lot of our lower grade alfalfa from the west.

Then I think I should mention sunflower. Through the government agencies we have distributed seed of the best stocks we could get hold of, and all we could get hold of. It will seed somewhere in the neighbourhood of 27,000 acres. There will be additional acreages grown by people who had been in the sunflower business before but the acreage is extremely hard to estimate. The biggest acreage will probably be in southern Manitoba where in the Mennonite section they have grown their own seed for many years, and it is good seed.

In the case of this black Argentine rape that Mr. Shaw referred to at your last meeting we got all the seed we could get hold of and we distributed that under a program that was originally designed to have a production in all the provinces, to P.E.I., Nova Scotia, New Brunswick, Quebec, Ontario, and to Manitoba. It was found that the maritime provinces did not wish to undertake this production this year. Quebec did not want nearly as large an amount as

we had hoped for, and Ontario actually did not take as much as we had hoped. We were able then to take more to western Canada. It was actually the only place that we could find acreage to put it in. The distribution of the rape seed indicates that we will have somewhere in the neighbourhood of 5,000 acres of black Argentine rape in production this year. I think that covers seed.

By Mr. Rickard:

Q. Before you leave alfalfa do you believe that western alfalfa is as good for Ontario as the homegrown?—A. Yes, it is a variegated type. Perhaps I had better answer it this way, that the experimental farm men who test it tell us it is just as good.

By Mr. Ross (Moose Jaw):

Q. I have been informed that a good deal of the vegetable seed grown in Ontario has been placed in the hands of the Czecho-Slovakians. I suppose that is because these people have considerable knowledge in regard to the growing of those seeds, is it?—A. Actually the system arranged is that we in our office work through a provincial committee, and the provincial committee contacted a Mr. Abel who had been a seedsman in Czecho-Slovakia. It is reported, many times wrongly, that he has got a tremendous amount of this seed under his control. Actually he has a relatively small acreage, and he has farmed it out to a few of his neighbouring people there. I think I reported to you, Mr. Wood, on that?

Mr. WOOD: Yes, you did.

The WITNESS: It is not a large acreage. We believe, however, that these people can do an excellent job, and if they show themselves capable this year they may get more. If they handle it properly and co-operate properly they may get more.

By Mr. MacKenzie:

Q. Is it not true that in the Wallaceburg district they have been growing sugar beet in a small way successfully?—A. Yes. They have grown about one-quarter of their supplies for a number of years and have done it quite successfully, but the company that looks after that also have interests in Illinois, in Oregon and Idaho. They have spread their production of seed all over to protect themselves. They now have an acreage in British Columbia.

By Mr. Evans:

Q. Is there any attempt to produce vegetable seeds in any of the western provinces?—A. Yes, we have a small program in Manitoba and this year for the first time we have started production in Saskatchewan. Alberta has been producing some vegetable seeds for two years. They are bound to have more difficulties than British Columbia and some of the other sections that are more favoured as far as winter is concerned.

By Mr. McNevin:

Q. In view of the increased tendency towards mixing of clover seeds for hay which may have the effect in some parts of cutting down the yield of seed what would you think the success might be of getting seed from a mixture of red clover and alfalfa? I was wondering if that had been grown to any extent or cut to any extent for seed?—A. I do not think it is. There is no reason why it should not be. It can be sold as a mixture, but actually the buyers do not like that. They would prefer to buy and mix themselves and know the percentages.

The CHAIRMAN: Are there any further questions that you would like to ask on this phase of this statement? Can we proceed to the next, or what is the

pleasure of the committee? Another feature that Mr. Young was going to deal with was with respect to the production of fibre flax in which considerable interest has been shown by members of the committee and by people outside also. Would the committee wish to proceed with that now?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Will you go on and tell us what has been done with respect to fibre flax production?

The WITNESS: Mr. Shaw gave you some figures when he addressed you at your last meeting, and they pretty well described our progress in this work. There were eight mills at the beginning of the war and the acreage was some 8,000. At that time there was no agreement between Canada and the United Kingdom or the United States regarding the disposal of the fibre or tow. The United Kingdom had a buyer in Canada and they simply bought and took the material over. At that time the price was 32 cents a pound for the top grade and ranged down for the various grades. In 1940/1941 the U.K. buyer was still here and there was no agreement between us. The acreage was stepped up to 20,000 and the number of mills was sixteen. The same prices were in effect. In 1941/1942 we had 44,000 acres with thirty-five mills in operation and the price was increased to 35 cents for the top grade.

In 1941/1942 the crop of fibre was divided on a 50-50 basis between the United Kingdom and the United States. In 1942 the first agreement was drawn up and again it is on a 50-50 basis, and the price was increased to 45 cents for the top grade material. That price is still in effect and will continue in effect until the 15th of September this year.

We have been in touch with the British Raw Materials Commission and have been able to get them to again increase the price on the linen fibre only another 10 cents per pound, making a top of 55 cents for the top grade, but we did not get any increase in our tow prices.

By Mr. Golding:

Q. What is your tow price?—A. The top tow price at the moment is 22 cents for the tossed flax which is a tow product, and the turbine tow prices are 16, 14 and 11. I have a statement where all these mills are located. I do not think you would want that read. Mr. Shaw gave you a breakdown of acreages in the various provinces.

By Mr. Cruickshank:

Q. He just gave last year's?—A. That is true. I have just got a breakdown for last year and I have not got a breakdown before that.

By the Chairman:

Q. That does not show very much in British Columbia?—A. One hundred and seven acres.

By Mr. Cruickshank:

Q. That is the reason I am trying to get it. I was absent yesterday and these stupid men did not understand that we have a thousand acres this year.—A. That is right, and I understand your mill is under construction right now, and I understand also there is no reason whatever for you to worry about the possibility of a permit to get the machinery you want.

Q. You might also put it on the record again that we have paid for everything ourselves in British Columbia.

By Mr. McNevin:

Q. At last year's prices what would you estimate the gross returns per acre might be, and what expenditures would be entailed? What would be the approximate return per acre to the grower based on what might be called the average crop?—A. We had a cost survey made of seven mills. I have not that figured out here but I can tell you very close to the proper figures. There are a lot of them below the average and a few real good ones which brought this average up, but it was around $90 of gross return per acre. From that you have to deduct your processing cost which varies greatly based on the efficiency of the operator and the type of material he has, and all that. The average processing cost, which included administration, would be somewhere in the neighbourhood of $32 per acre. The farmer's cost of production on the average would be around $32 or $35. I have figures from $28 to $45, but I think $32 to $35 is about the average.

Q. That would be the cost of his own labour?—A. That is his own. It is a costly product to handle since he has to handle it so many times.

Q. What is the method of harvesting?—A. The seed is seeded in the usual way at about a bushel and a half to the acre. The crop is allowed to mature to just the right condition, not too ripe and it is then pulled. A puller is a machine that has recently been devised, and is made in Canada, and is simply two belts which come together to lift the flax and lay it down evenly in long rows. It is allowed to stay there until it is properly retted. Then we have a lifter device, and the lifter works on the same old principle of lifting as a hay loader and it elevates and binds it so that it can be handled more easily. After binding the flax is put into store and covered so that it retains its quality, and from there it is ordered into the mill when the mill want it.

By Mr. Golding:

Q. Mr. Young, can you give us approximately what the different types of machines are which are used in one of these mills, and the cost of each machine? Can you tell us that?—A. I think I can come quite close. I would prefer to be accurate on that.

Q. Maybe you could get it and put it on the record again?—A. If you would care to have approximate figures I will give them.

By Mr. Cruickshank:

Q. Are pullers available?—A. Yes, there will be 150 made this year. That is the quota.

Q. Is the government assisting in any way in providing the pullers?—A. No.

Q. Have you any idea how much they cost?—A. Yes, about $700.

Q. And they will be available for purchase?—A. Yes, there will be that many available. The crop conditions this year are not favourable in some of the sections of eastern Canada so that I judge there will be plenty to go around.

Q. We shipped a carload from British Columbia, one of our little farms out there, to the Department of Agriculture and it was all rotted when it got back there. We had no facilities for treating it, and the experimental farm shipped it back and it was all mildewed.

By the Chairman:

Q. What are the different things that they use this material for when it is finally produced?—A. I am sorry I did not bring that list, but this fibre and tow, everything that comes from that flax mill other than seed, is considered as an essential product and used only in the manufacture of supplies for war equipment. The biggest bulk of it is used for airplane fabrics, used on the Lancaster bomber, I believe, for the fuselage, and the next largest amount is used for parachute cords, strong, fine cords. Then there are many other things made from fibre flax.

Q. Did tow used to be used for some other purpose before the war, the lower grade part of it?—A. For linen towelling; ordinary dishtowels, linen dishtowels, were made out of tow.

Q. When it is used for that purpose the seed is not recoverable?—A. Yes, the seed is recoverable to an extent. If a crop would normally yield say, 7 bushels per acre, a crop handled as fibre and processed for fibre purposes, will yield somewhere between 3 and 4 bushels per acre return, but the fact that you leave it out lying on the ground to rot, and the rain and the wind will knock off the bolls and reduce your yield greatly so far as the seed is concerned.

By Mr. Golding:

Q. What is the price of your fibre flax seed now?—A. About $4.50 for commercial seed is the top price. Any of the certified material is not under the ceiling and it is selling right now at about $5.50.

By Mr. Cruickshank:

Q. Per bushel?—A. Yes.

Q. What did you say it required per acre?—A. About 84 pounds.

By Mr. Golding:

Q. That is lower than it was at one time?—A. Yes, it was considerably higher.

Q. It was over $6, was it not?—A. Just $6 is the highest that I know.

The CHAIRMAN: Are there any further questions that you would like to ask Mr. Young now?

By Mr. Rickard:

Q. Is it sowed in rows?—A. Yes, it is sowed exactly the same as other flax.

By Mr. MacKenzie:

Q. Is there any hemp growing this year?—A. Only that which is grown at the experimental farm.

Q. There are no permits?—A. No.

Hon. Mr. GARDINER: No, they have not listed any acreage for this year.

The CHAIRMAN: Any further questions in respect to this particular feature? Can we release Mr. Young?

By Mr. McNevin:

Q. Would Mr. Young have information on milkweed?—A. No, I am sorry, that is all under the experimental farm. It is still in the experimental stage.

By Mr. MacDiarmid:

Q. Have there been any recent researches as to different uses for this tow? I know there is a rumour that one of our flax men who has been financially embarrassed has discovered some new use for this tow, and they say he is going to make a million out of it through an American firm. I do not know what it is or what it was.—A. Do you know the firm, or do you wish to mention it?

Q. Lancaster; it was Archie McDonald. He said he had some dealings with some American firm to get rid of what they were not using here.—A. To get rid of what we consider low-grade material and some of the waste material which can be used for making cigarette papers. Any of the tows can be used to make currency papers—the dollar bills.

Q. Is that only a recent matter?—A. No, they have been doing it for a long time. In the pre-war period our dollar bill had about 75 per cent of fibre in it, but I think it is down now to 35 per cent of fibre.

By Mr. Cruickshank:

Q. Are you producing something in Canada that is used for cigarette papers?—A. Yes, the Howard Smith people at Beauharnois are buying somewhere in the neighbourhood of 500 tons of waste material and low-grade tow for use in cigarette paper and currency paper.

Q. I did not know that we did that.—A. It is a very interesting process. Before the war they used the linen rags from the old country and they are now taking our waste material and using it.

Q. That is being done in Quebec?

The CHAIRMAN: Well, gentlemen, Mr. Young will be available at a later stage should the committee wish to hear him further. If there are no further questions we will adjourn.

The committee adjourned to meet Tuesday, June 22nd, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, JUNE 22, 1943

WITNESSES:

Mr. K. B. Conger, Manager of the Fruits and Vegetables Section, Special Products Board;

Mr. W. A. Brown, Manager of the Poultry Section, Special Products Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

TUESDAY, June 22, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Blair, Clark, Cloutier, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Dubois, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Henderson, Lafontaine, Lalonde, Leader, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Mullins, Perley, Rheaume, Rickard, Senn, Soper, Tustin, Ward, Weir, Whitman, Wright.—37.

In attendance: Mr. K. B. Conger, Manager, Fruits and Vegetables Section, Special Products Board; Mr. W. A. Brown, Manager, Poultry Section, Special Products Board, and Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

The Minutes of the last meeting held on Friday, June 18, were read and approved.

Mr. Conger was called. He reviewed the functions of the fruits and vegetables section of the Special Products Board, and was examined.

Witness retired.

Mr. Brown was called and dealt chiefly with the export of fresh and dried eggs to Great Britain. He displayed to the Committee a sample of the dried product manufactured in Canada.

At 1.00 o'clock, on motion of Mr. Lafontaine, the Committee adjourned until tomorrow, Wednesday, June 23, at 11 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, June 22, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: We have with us this morning Mr. Karl B. Conger, of the Special Products Board, dealing specifically with the matter of fruits and vegetables. Are you prepared to hear Mr. Conger this morning?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: I take pleasure in introducing to the committee Mr. Conger of the Department of Agriculture whose special work at the present time is the matter of fruits and vegetables under the Special Products Board.

Mr. KARL B. CONGER, Manager, Fruits and Vegetables Section, Special Products Board, called.

The WITNESS: Mr. Chairman and gentlemen, as Mr. Shaw, the Chairman of the board, explained, the special products board was formed to handle the requirements of the British Ministry of Food which did not come under the bacon board or the dairy board; and the board was divided into two sections, the poultry products under Mr. Brown as manager, and the fruits and vegetables products section of which I am the manager. I have been an official of the fruits and vegetables division before that; and I thought the simplest way would be just to tell you what our functions are very briefly and mention the things that we have handled; some of them I was handling for the British Ministry of Food before there was any board, because under the assistance to Nova Scotia a considerable quantity of canned apples and evaporated apples had been processed, and the British were interested in them. Their credit would come to me and I would then ship it and receive payment. And now that has been changed and it goes through the board. We carry on negotiations with the British Ministry of Food for their requirements of such products—and I would just indicate them: evaporated apples, dried apple pomace, canned apples, concentrated apple juice, fresh apples, fresh onions, canned tomatoes, concentrated tomato pulp, tomato puree for packing herring; strawberries, raspberries, prunes, greengages and other plums treated with SO_2; dehydrated potatoes, cabbage, carrots and turnips, and a small amount of spinach and beans; dried beans and honey.

By the Chairman:

Q. Before you leave that, you said you carried on negotiations with the British Ministry of Food; do you carry that on directly?—A. Well, at first we carried that on—before the British Food Mission opened an Ottawa office. All our cables from the board went through the Commercial Intelligence Service of the Department of Trade and Commerce and were handled by the Canadian government British Trade Commissioner direct with the British Ministry of Food, and contact was arrived at in that way. Since they have established the British Food Mission office here we carry on our negotiations with the British Food Mission people here.

Q. You do that for these products?—A. That is right.

By Mr. Wright:

Q. Have you the amount that they desire of these various products?—A. Yes. I want to explain, these are the products that we have handled, some of them are not being manufactured now, some of them are not desired now; but these are the ones that we have handled; and I can if you like give you an idea of what they took from each one of these crops and what they have given us to understand they want out of the present, the approaching crop. I think that would be the simplest way of going into it.

By Mr. Senn:

Q. You only deal with the British Food Mission?—A. That is right.

Q. You do not have anything to do with the general policy of the Department of Agriculture in the case of apples; of course we are not allowed to ship apples to Great Britain at the present time and just after this condition arose the department laid down a policy of disposing of them; do you deal with that as well?—A. Not as a special products board, Mr. Senn. I sometimes sit in when it is discussed with these people; but not as a representative of the special products board. We secure what the British want. And then, as I say, we carry on negotiations with them and try to arrive at a price which is satisfactory both to them and to the producers in Canada, and to the suppliers of the product.

By Mr. Evans:

Q. You are only interested in securing the quantities which the British Food Mission require?—A. That is right; simply speaking, we are not high pressure sales people.

By Mr. Leger:

Q. Might I ask one question here: is it possible for you to tell the committee what volume of dehydrated potatoes will be required for next year?—A. Yes, I will give you that if you like; although I think perhaps I better take and give you first what went out in 1941 and 1942, and then what we expect to send out of the 1943 crop. I think that will answer your question.

The CHAIRMAN: Perhaps I am the one who made the mistake in asking Mr. Conger a question relative to his position at the start, that possibly has led to a lot of discussion. It might be advisable for him to continue his statement and have each member of the committee jot down things about which they want to ask questions later on. I think we will make better time in that way. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Then, gentlemen, we will proceed and we will come to questioning later.

The WITNESS: Might I say a word of explanation in regard to my statement with reference to onions. Last year we made a contract in British Columbia for 3,000 long tons of fresh onions to go to Great Britain and just as they were about to move there was no ocean space available so we had to make other arrangements, and I had to go out to British Columbia to arrange for these onions to be dehydrated. That is why there were no fresh onions shipped last year while the year before there were 20 carloads.

Then, our second function is to make arrangements with shippers and manufacturers for the necessary product. We must then secure the necessary ocean space and arrange for that. We then have to make arrangements to pay for the shipments from money made available by the Bank of Canada under letters of credit. The British establish a letter of credit there and with certain documents we get the money and are able to pay the shipper within a very few

hours. And then we have also been handling—not a part of the special products board work, but we used the same office—the requirements of the armed forces for dehydrated vegetables; they were all manufactured really at the instance of the agricultural supplies board and in effect they are the owner of the product and as they do not have anybody to do it, it was thrown over on to us to act as shipping and sales office for them; so we have supplied Canadian armed forces with what they required as far as we had them.

And now, that is the general workout on our section of the board. Out of the 1941 crop we shipped 400 tons of fresh onions; 1,199,990 boxes British Columbia apples, 9,579 barrels Ontario apples, 101,465 barrels Nova Scotia apples, 116,147 vases evaporated apples, 50 lbs. each, 2,104,334 lbs. dried apple pomace, 3,982 barrels concentrated apple juice, 300,000 cases canned tomatoes, 6,691,915 pounds fruit in SO_2—and that had a value of $4,200,000.

Q. What does that mean?—A. The British like to make their own jam, and in British Columbia they put the strawberries into 40-gallon barrels and then they are treated—given a solution of sulphur dioxide. That solution is put in and it rather fades the colour out and it preserves them; and when they come to make their jam they boil the product and the colour comes back and the sulphur dioxide disappears; and the result is that they have the kind of jam they want.

The value of other items shipped in 1941 from the 1939 and 1940 crop was as follows:—

SO_2 strawberries	$166,261 20
Dried apple pomace	18,783 95
Dried apple skins and cores	2,143 21
Evaporated apples	36,407 50
Canned apples	669,930 40
Value of above	$893,526 26

I might say that when you come to the pulps, like plums, prunes, greengages, they have to be cooked to a certain extent with the skins just breaking. It cannot be done as you do with strawberries. And I might say that the reason for the heavy British importation of prunes in 1941 and the drop last year is because the British crop was a failure in 1941.

By Mr. Cruickshank:

Q. Were the prunes in pulp too?—A. Yes, they were in pulp too.

Q. Is that from British Columbia?—A. Yes, and the fresh onions were also from British Columbia. We tried to get some from Ontario, but Ontario was not interested at that time.

The WITNESS: The value of that crop ran to something over $4,000,000; and in addition to that there was a carry over from 1939 and 1940 crops and these were also shipped. I have not got the exact quantities, because there is a break in the fiscal year and some were travelling and some on the ocean; but this will give you the picture: the SO_2 strawberries amount to $166,000, the dried apple pomace, nearly $19,000; the dried apple skins and cores $2,143.21; evaporated apples $36,000 and canned apples $670,000; a total of about $893,526.26.

By Mr. Donnelly:

Q. How long would they last with this sulphur dioxide?—A. On this particular lot that I just read, they were processed in 1940 and we shipped them I think it was the spring of 1941; and I might say that of all that quantity shipped we only had complaints on about five or six barrels which had gone bad for some

reason or other and that was the only complaint on all the stuff that was shipped, so the product gave very good satisfaction. I might say in connection with the fresh apples we were told that they would not be required, they had no ocean space for them; and as you know the situation changed rapidly and they wanted apples and that was the reason that move was made. There was a very bad windstorm and we were not able to get many apples from Ontario, which accounts for the much small quantity. But I might say that no matter what kind or type they were they went over on our inspection certificate, our inspection certificate was accepted and we had no claims from them in that regard.

By Mr. Rickard:

Q. Will there be much of a demand for Canadian apples this year?—A. I do not expect any.

By Mr. Cruickshank:

Q. What size of cans are the apples put up in, are they 10-gallon cans?—A. No. There are no canned apples, they are not being put up now because there is no tin; except some for the Canadian armed forces. They were put up as part of the assistance to Nova Scotia those first years.

Mr. LECLERC: Mr. Chairman, I was going to suggest that we abide by your suggestion that we refrain from questioning the speaker; because, if the speaker has to deal with all kinds of questions every few minutes we will never be through.

The CHAIRMAN: I think we should try to keep our questioning limited. There are some points on which a little clarification might be desirable from time to time but I think we should proceed as far as possible without questioning.

The WITNESS: I am through with 1941.

Well, then, the situation changed considerably in 1942. The following items were shipped from the 1942 crop. As I said, we made arrangements to have grown, and we finally received 3,090 tons of fresh onions; which were to go from British Columbia, and ocean freight not being available they were dehydrated at Vernon. We shipped 1,186,640 pounds of SO_2 strawberries; also 25,889½ dozen No. 12 tins concentrated tomato pulp, 133,619 cases evaporated apples, 50 pounds each, 1,273,780 pounds dehydrated potatoes, 44,040 pounds dehydrated cabbage, 49,920 pounds dehydrated carrots, 40,740 pounds dehydrated turnips, 27,798 4-gallon cans tomato puree for canning herring in British Columbia.

The last item was used in combination with fish the British wanted to pack with tomato sauce and we bought that much here, and they had to get a certain quantity under lend-lease in addition. The items just mentioned were shipped out of the 1942 crop, and had a value of approximately $1,900,000.00.

By Mr. Quelch:

Q. Is that manufactured in British Columbia?—A. Yes, right close to where the fish is being put up. We did not have anything to do with the tomato puree which was used on the Atlantic coast in packing herring. I understand those purchases were made under a different method; I just don't know how but they used considerable there too, but they were purchased from manufacturers in the eastern part of Canada.

On the 1943 crop I can only give you what appears on the surface at the moment, and a lot of other things may come up, because they do come very unexpectedly sometimes, and sometimes they drop off the same way. They want 5,000 tons of dehydrated vegetables. They also want Canadian dried beans and will be prepared to take up to 40,000 long tons, which I think you will agree is more than we can hope to have available.

By the Chairman:

Q. Of what?—A. Dried beans.

The WITNESS: We know that these are definite requests and we are quite sure that they will again want a supply of evaporated apples and probably of concentrated tomato pulp. They might want some other products. They would have been prepared to take strawberries in SO_2; but I think as everyone knows the situation is so very tight in Canada and with our armed forces requirements and the short crop we have told them that there are none available and they will get some, I expect, from other sources. I would think that the value of the 1943 crop that I have mentioned would run to, if we get it all, about $11,000,000.

By Mr. Senn:

Q. You did not give us the value of the 1942 crop.—A. The 1942 crop—the value of that was approximately $1,900,000.

Dehydration is a subject everyone seems to be interested in and I thought perhaps the committee would like to know the proportion of fresh and finished products; for instance in potatoes it will average about one pound from seven; in onions, one pound from ten; in carrots one pound from ten; turnips one pound from thirteen; cabbage one pound from seventeen; beets one pound from ten; parsnips one pound from eight—I mean these are pretty close to it as far as our scientific friends tell us.

And now, that is pretty well the function we carry on as the fruits and vegetables products section of the board; and sometimes we do run into difficulty in getting containers for some of these products, which is quite a problem.

By Mr. Golding:

Q. Could you give us any idea of the cost of these products?—A. No, I could not give you any particulars on that. The agricultural supplies board carried on the original work, and they tried to work out and ascertain what these costs would be, and that is something that I have had nothing to do with. The contracts this year are being arranged by the special products board; and in each case where it looks possible to find the product we will make the contract and we make the contract in each case for say so much of dehydrated potatoes packed in metal containers—you cannot put them in any other kind of a container—at so much per pound f.o.b. the manufacturer's shipping point.

By Mr. Evans:

Q. Who negotiates the prices on the various types of contracts you make; and where is the price based; at seaport or the production point?—A. On some of these things the prices are at seaport. On the dehydrated products the price is f.o.b. the shipping point. The British credit permits us to be reimbursed for the freight the manufacturer pays on the inland portion of the freight.

By Mr. Cruickshank:

Q. What is seaport, either coast?—A. On practically everything it has been the Atlantic coast. The SO_2 products have gone from the Pacific coast, as well as the dehydrated onions, which they did not want as dehydrated onions, because they could get their onions dehydrated in Egypt much cheaper than they could here.

Mr. MACKENZIE *(Lambton-Kent)*: Have you facilities or equipment for the dehydration of large quantities in operation now?

Mr. DONNELLY: Yes; where are these dehydrating plants, and what size are they?

The WITNESS: The dehydration plants will be operating pretty much up to their capacity this year. Some of them have been operating for some years and have some private business which they have been carrying on for years such as supplying survey parties and so on, and we are not interfering with that. The plants are at Kentville, Nova Scotia—that will operate on potatoes. New Brunswick Potato Products, at Hartland. Then there is Ferdon Regd. at LaPrairie in Quebec; they will operate on carrots, cabbage, turnips; and Beardmore of Oakville, Ontario, will operate on cabbage; and Graham of Belleville on potatoes, cabbage and turnips—I may be a little out as I am just doing the best I can from memory—Canadian Canners Limited are equipping a plant at Brighton and another at Forest, and they will be doing general dehydration of the four products because the British only want the four vegetables, potatoes overwhelmingly, cabbage much less, then carrots and turnips are away down on the list. Then there is the Kildonan Canning Company of Winnipeg who will do a general line but no potatoes, about 350 tons. Then Bulman's Limited of Vernon, will do pretty well everything except turnips, something over 700 tons we expect. Broder Canning Company of Lethbridge are doing 300 tons of potatoes, cabbage, carrots and a few turnips. And there is a plant, the Island Foods Incorporated at Summerside—I am not sure how much they will be doing, I think probably in the neighbourhood of 700 tons. And the Pirie Potato Products of Grand Falls, New Brunswick, something in the same neighbourhood. The result of that is that we figure we have contracts either completed or in process of completion which will meet the requirements of the British Ministry of Food and also meet the anticipated figures of requirements from the Canadian armed forces, and with a certain surplus over and above that because you must figure on the fact that some particular territory may have a failure or they might not be able to get a certain product they are counting on.

By Mr. Soper:

Q. Did I hear you all right, that your sales in 1942 were about $4,200,000? —A. Yes, and in 1942 the shipments were down, ocean space was very tight.

Q. And your anticipation of $11,000,000?—A. Well, the dehydrated vegetables were all used by the British for their armed forces, not for civilian feeding at all, and they are given a very high priority rating on the ocean list; so they have assured us that that is one thing they will be sure of getting space for. Then, on the beans, while I say $11,000,000, as I say, we all know that that is a figure we will probably not be able to reach.

Q. Is there any big backlog of these things in the country now?—A. Oh, no; we have not any backlog. You see, in 1942, as far as the dehydrated program was concerned, we found difficulty in finding out what the British required, and the result was we could never get the quantity which they finally were prepared to take because you could not get priority for the materials going into the manufacture of these things; and in many cases you could not get the product itself because it was so late in the season.

Q. How are these dehydrating plants owned? Are they owned by the government, or are they owned privately?—A. No, they are owned by private individuals.

By Mr. Cruickshank:

Q. Do they plan any expansion in supplies of that kind that they will require this year?—A. Yes, they have stated their requirements. And then, you have to keep this in mind, that before we do any negotiating—we haven't got a signed contract yet with the British for the 5,000 tons—we have to take it up

with the Wartime Prices and Trade Board, to see if this amount of fresh vegetables being dehydrated is going to affect the general situation in Canada. They have said they felt we should get 5,000 tons.

Q. Are they still building these plants in different parts of Canada, do you know?—A. As far as the plants are concerned, as I say, I do not have anything to do with that particular angle of it.

By Mr. Wright:

Q. Which in your opinion this year will be the limiting factor, the amount of vegetables available or the ocean space available for their transportation?—A. I think a little of both. I think that if we get the supplies—you see, what it comes down to really is this, that there is a very considerable shrinkage in volume in the dehydrated product as compared with the fresh product, as you know and I think ocean space will be provided.

By Mr. Senn:

Q. I would like to ask Mr. Conger a question or two, and the first one is in regard to dehydration. Are the returns to the producers of dehydrated products the same as if they had not been dehydrated; does the producer get as good a return for fruits and vegetables when they are dehydrated as he did otherwise?—A. The dehydrator really in fact has got to pay the market price to get his supplies.

Q. And the fact that there is a demand for dehydrated products does not affect the market one way or the other?—A. If anything it would be inclined to increase prices. We found that to be the case in Winnipeg. A man there put his money into a plant and got the plant ready to operate and we tried to get him going by arranging for certain supplies of cabbage. We were told that there was a considerable supply of cabbage available in the Winnipeg district and when he got his plant all ready to go he found that outside of the cabbage he got through the agricultural supplies board who helped him to finance and get the cabbage, as soon as that surplus was picked up the market went right up and some fresh cabbage was shipped to Vancouver and to other points. His supplies were insufficient to enable him to operate his plant.

Q. Then you say payments are made from letters of credit from the British authorities; I was just going to ask if any of these last two years' purchases were applied under the billion dollar grant?—A. I cannot tell you, I do not know the inside workings of the financial arrangement at all; all I do know is that the first year the credits did come from the commercial banks and they had their cables from correspondents in London; for instance, the Royal got it from their Royal Bank branch in London, and some other banks would get it from their correspondents over there—all I know is that I went to the bank and came back with a cheque. Now, the Bank of Canada handles the cables from London, and they will not pay out unless they have certain documents. We get copies of the letters of credit, but as to how the internal workings of the financial problem are arranged, I do not know. I think it is all charged up as far as the billion dollars goes.

Q. I understand the board pay the prices for these commodities at seaboard?—A. Yes, but the British pay the ocean freight. As I said, they reimburse us for the freight we pay from the manufacturers' plant to seaboard on dehydrated vegetables.

By Mr. Donnelly:

Q. Is the freight paid from the dehydration plant to seabord?—A. With respect to the dehydration plants we pay their freight across the country, and they have agreed to reimburse us for that expenditure.

By Mr. Senn:

Q. There is one more question I would like to ask; you were talking about canned apples, there is practically no demand for them at the moment?—A. There is a demand for them but there is no tin for them.

Q. There is no tin for them?—A. They are putting up some of them, Mr. Senn, for the Canadian armed forces.

Q. I know that prior to the war they were quite agreeable to getting this new way of handling apples?—A. That is right.

Q. The thought in my mind is this, I was wondering whether there is going to be a demand for that sort of thing after the war.—A. I think canned apples will come back. I do not think there is any question about that. Of course, evaporated apples as they are now being put up are superior to what we had on the market a few years ago. There has been a real demand in Canada for the product.

By Mr. Leger:

Q. Would you tell the committee what volume of potatoes went overseas in dehydrated form in 1941?—A. The only dehydrated potatoes that went over were from the 1942 crop and most of these potatoes really went forward in 1943—there was really very little went out during the closing months of 1942.

Q. Can you give us the amount?—A. The latest figure on dehydrated potatoes is 1,273,780 pounds.

Q. What are the prospects for this year?—A. They would take 3,500 long tons of dehydrated potatoes and 700 long tons of cabbage, 500 long tons of carrots and 300 long tons of turnips.

By Mr. Senn:

Q. Are the lower grades of fruits and vegetables used for dehydration?—A. Their specifications call specifically that the potatoes should be either green mountains, katahdins or netted gems—they have to be sliced.

Q. Are they taking any of the lower grades, or the best grade only?—A. If the gentleman in charge of that were here he could tell you all about it; but they have been using some of what we call No. 1 small, and similar potatoes; I think they have found them to be a very satisfactory product.

Q. What about other vegetables, cabbage and beets; do they use only No. 1?—A. It is pretty much confined to No. 1. You see, the product has to be cleaned very carefully—take onions, for instance, the onions have to be peeled and the buttons cut out and the finished product is a pure white.

By Mr. Leclerc:

Q. What would be the difference in price between the dehydrated product and the raw product, for instance, on potatoes?—A. In the case of potatoes the finished product would run somewhere between 30 and 35 cents a pound.

Q. A pound?—A. Yes; cabbage runs up higher, somewhere about 75 cents a pound—65 cents is pretty general.

Mr. DONNELLY: That would mean potatoes around 5 cents a pound.

The WITNESS: Well, I have not got that worked out.

Mr. DONNELLY: What did you say the ratio on dehydration was?

The WITNESS: With potatoes it is one pound out of seven of the fresh product.

The CHAIRMAN: Mr. Conger, I do not know anything about this process of dehydration or evaporation. I think members of the committee might be

interested in having a short statement as to how you prepare the product for either dehydration or evaporation. Take for instance apples and potatoes, what is the economical production with respect to both of these articles?

Mr. McNevin *(Victoria-Ontario)*: Before you start on that, Mr. Chairman, I have a question which perhaps would introduce that matter.

By Mr. McNevin (Victoria-Ontario):

Q. With the process of hydration what ingredients if any in addition to moisture are removed?—A. I am afraid that I am only a poor business man who has never had that experience and so would not be able to speak technically with respect to dehydration as such. I think a man like Mr. Davis of the experimental farm or Mr. Eidt who has been equipping these plants, could give you that information much better than I could. Roughly speaking, as I watched the onions in Vernon being dehydrated—when I was not crying so much that I could not see at all—they took the onion and they washed it first and then peeled it and as I say cut the button off, then they were sliced and were put on trays on which they were weighed to be sure they had a check on the drying of a uniform weight; and then these trays are put into what they call a tunnel where they get the necessary heat; they have to be there so long, until they have been dried down to a moisture content not over 5 per cent; and then they must be sure that certain other organisms are destroyed—not the food value but certain things that would start action which would affect the colour or quality of the finished product.

Mr. Donnelly: The dehydrated onion would not make you cry?

The Witness: No, the process makes one cry.

By Mr. Leclerc:

Q. In other words, suppose the farmer only got one or two cents a pound—you have to pay 35 cents to dehydrate the product?—A. No, no; the difficulty there would be to figure the cost of the machinery, the packing and everything; you see, they have to be put up in special metal packages for protection. Potatoes may be packed in bonderized metal; it is airtight, apparently, but it is not gas tight; and cannot be used for certain other products which have to be packed in gas.

By Mr. Soper:

Q. In 1939 and 1940 we had a very large surplus of dried apples in Nova Scotia. Did we get rid of all that?—A. Yes, the British took most of that at a price. There was shipping space and nobody wanted it in Canada, and we shipped a great deal of that to Great Britain.

Q. Did that price pull the dominion government out of what they had in it?—A. I would say, no.

By Mr. Evans:

Q. In negotiating the price of shipments of various products does your board act or is it the special products marketing board?—A. No, the special products board look after that end of it. You see, you have to try and arrive at a fair price to all concerned, and we do that as nearly as it is possible for human beings to judge, and in consultation with the people who have the product to sell. You must have a price that works out fairly.

By Mr. Cruickshank:

Q. You said, if I remember correctly, that the Wartime Prices and Trade Board allot districts to the plants operating?—A. No, that before we went into

the negotiations leading to the possible sale of 5,000 tons of vegetables we consulted the Wartime Prices and Trade Board to see that the taking of that much in the line of fresh vegetables off the market was not an undue amount to come from the Canadian supply.

Q. Well then I thought I understood you to say that you allotted districts to the processors; is that right; if not, who does?—A. I do not know that they would be consulted in regard to that.

Q. What I am trying to arrive at is this, according to the figure you mentioned from the 1942 crop, as I took it it was 1,273,000 tons— —A. No, pounds.

Q. Pounds, I beg your pardon; this year taking 3,500 long tons, is that correct?—A. Yes.

Q. That is approximately 7,700,000 pounds.—A. Mr. Cruickshank, the plants that are established started at the very beginning of the season. Some of the plants did not get started this year until the season was practically over —I mean the 1942 season.

Q. What I am trying to arrive at is this and I want to get it clear; the Wartime Prices and Trade Board are the ones to say if there is sufficient production available now; is that right?—A. Yes.

Q. Well, what I cannot understand is why do plants which are equipped and ready to do business, and they got their equipment to build a plant without resorting to any priorities at all, and they are already equipped and ready to work—and they are individual companies who were equipped and started with private capital—what I cannot understand is why people cannot get any of this dehydration work to do although there are thousands and thousands of tons of potatoes rotting in the fields right in that part of the country.—A. I think you will have to have someone else to answer that for you, that is not in my province.

Q. I would like to know what commissions or people are coming before us who are going to be able to tell us about that; Dean Shaw could not and the Deputy Minister could not: who can?—A. Dean Shaw is the Chairman of the board—

Mr. DONNELLY: Where is the plant?

Mr. CRUICKSHANK: That is what I would like to have—someone from the Wartime Prices and Trade Board to answer that question.

Mr. DONNELLY: Would you tell us where those plants are?

Mr. CRUICKSHANK: One is at Mission and the other Haney. Both financed entirely by private capital without any government money being put into them. They are completely equipped and ready to operate, and potatoes are rotting in the pits.

The CHAIRMAN: Do we understand that these plants are equipped to handle this dehydration for the British market?

Mr. CRUICKSHANK: Absolutely not, they were built and equipped to handle anything and everything that came along. One plant is the Berryland Fruit Farm, owned by Mr. E. M. Gilland and it is located at Haney; and there is another plant formerly of Saanich, bought by the Pacific Coast Co-operative.

By Mr. Donnelly:

Q. Did you go to that plant at Mission and the one at the other place? —A. No.

Mr. DONNELLY: When were these plants to which Mr. Cruickshank referred fitted up?

Mr. CRUICKSHANK: That is a point I am trying to get clear, Mr. Chairman. I do not want to take up the time of the committee asking the wrong officials this same question over and over again, but I do want to know what responsible

official can give us the information as to why these plants are not in operation. No one from the agricultural department that we have had so far, or from any other department, has been able to give us that information. I know the situation in my own riding, and Mr. Reid, the member for New Westminster, has also told you in the house I believe that these potatoes have rotted in the pits. Now, if we cannot get this information from anybody in the Department of Agriculture, I want to know from what official we can get it; if there is such an official I want him brought here and I want to ask him that question.

The CHAIRMAN: Apparently this is not the man to give you your answer.

Mr. CRUICKSHANK: No, he cannot answer it, and when Dean Shaw and Mr. Gardiner were here I asked them and they could not give me the answer.

The WITNESS: Well, Mr. Cruickshank, as far as I am concerned personally, I do not know, but the first I ever heard about the plant at Haney was when I saw the letter which they wrote to the department, which was only a very short time ago; and as far as I know they were remodelling their plant and arranging for the supply that was necessary. As to the plant which you spoke of at Mission, when I was in British Columbia last fall as you recall, I had an interview with Mr.—I do not remember just what his name was, it was Bevan or something like that, and he had a Mr. Malkin with him and they were discussing this agreement; as I recall it the plant was not then in Canada, and I said in the first place before they went very far they better be sure that they could bring such a plant in from the United States because I happened to know that they wanted every bit of that equipment over there and they were very anxious to keep anything they had that would do that kind of work. The second point was this, that they wanted to get a supply of oil, to change over to oil instead of coal that they had been using and there was not much chance of doing that. So, early in March when we wrote to the plants that were equipped for this purpose to find out what they were prepared to manufacture or what they wished to manufacture, and I wrote—I cannot think of the name, I think it was Pacific Coast something—

Mr. CRUICKSHANK: Pacific Coast Cooperative.

The WITNESS: No, the Pacific Coast Packers I think it was, and Mr. Malkin was the man behind that—

Mr. CRUICKSHANK: That man Malkin is nothing but a promoter.

The WITNESS: I wrote and he never answered the letter until comparatively recently when I got a letter from Mr. Shimek stating that he expected to go ahead with it. In my reply I told him what would be necessary for him to do and I have never heard from Mr. Shimek from that day to this.

Mr. CRUICKSHANK: I never heard of Malkin or Bevan, they are new names to me.

The WITNESS: Then, I believe, Mr. Shimek said afterwards Mr. Malkin was not in the deal but that Mr. Pearcy, who had originally interested Malkin and Bevan, had then come to him with his proposition.

By Mr. Fair:

Q. What has been the experience with regard to the use of the dehydrated product in army camps, potatoes particularly; have they had any waste or complaints?—A. We have not had any complaints. All I can say is that we are in a tough position with potatoes and some vegetables right now which they would especially like to buy, which they want and which we haven't got; so we have no complaints, they just ask us for more.

Q. My reason for asking this question is that I was told not many days ago that in some of the camps the potatoes contained so much lime or some other material that they just could not eat them and they were thrown out on

the dump. I do not know whether that is so or not.—A. I think if there were any trouble in an army camp with a dehydrated product the trouble would be with the cook. I might tell you that just a few days ago the wife cooked a sample of dehydrated potatoes that came in and I defy anyone here to tell the difference between the dehydrated and the fresh product when they were mashed.

By Mr. Donnelly:

Q. The dehydrated product retains all its vitamin qualities?—A. Yes.

Q. None of the vitamins are taken out in processing?—A. They claim not.

Mr. CRUICKSHANK: I would like to say one word further about the question I raised, Mr. Chairman; are we going to have an official of the Wartime Prices and Trade Board concerned with dehydration come before us or not? Apparently none of the people in the Department of Agriculture know anything about the product, apparently they just know about certain contracts. Is there going to be any other official before us who can give us that information?

The WITNESS: We would know about certain actual products. They would have the say possibly about the supply position in a particular neighbourhood. They might express an opinion about that.

Mr. CRUICKSHANK: All right, would that official be before us?

The CHAIRMAN: You mean, from the Wartime Prices and Trade Board?

Mr. CRUICKSHANK: Yes.

The CHAIRMAN: I thought that matter was settled as by the reference recommended a few days ago. As I interpreted we would not be calling on anybody from the Wartime Prices and Trade Board.

Mr. CRUICKSHANK: That is not my understanding, Mr. Chairman. My understanding was that for one reason or another—and we might as well have this point cleared up right now—for some reason or another—in my opinion there was no authority for it whatever—the motion was not submitted to the house but it came before us the other day. As I understood it, and from other members of the committee, the minister himself gave assurance that the Wartime Prices officials would be available.

Mr. SOPER: If necessary.

Mr. CRUICKSHANK: If necessary; that was my understanding, and I want that point cleared up right now.

Mr. WRIGHT: Certainly that was the understanding of the steering committee, that if the committee found it necessary to call these other men from the Wartime Prices and Trade Board to get certain information that we would have that authority.

The CHAIRMAN: I think perhaps that is correct. As I recall it the question was as to procedure, and that we would hear from the people responsible for the administration of these various marketing agencies such as Mr. Conger who is here this morning; and that when we had secured all the information they had to give us if they had not satisfied the committee then we might proceed to take other steps to get specific answers to the questions involved. That is my understanding of the situation.

Mr. MCNEVIN (*Victoria, Ontario*): My understanding of it was this, that if the committee felt after a presentation of these various questions to the committee that they wished to have some more information then the question as to whether or not the officials of some other branch of the service would be called would be a matter that could be referred to the committee for decision; but the minister, or the chairman, or anyone else gave no definite statement as to what would happen. The matter was left for the committee to decide.

The CHAIRMAN: Well now, gentlemen, I think we should not lose the opportunity of getting all the information we can from Mr. Conger, and the others who will be discussing this matter before us; and then, at a later stage, if it is necessary, we could consider getting this other information. For the present I think we should continue our discussion with Mr. Conger.

By Mr. Leger:

Q. Can Mr. Conger tell us how long potatoes will keep in dehydrated form?—A. Our scientific men do not know definitely. It depends on the temperature, if they were shipped to say the Mediterranean where it is pretty warm certain things are likely to happen which if they were kept in a cooler climate would not happen. They have no conclusive information on that.

The CHAIRMAN: On that point, Mr. Leger, I think it is the intention of the committee to call before it someone who has practical and scientific knowledge on the subject of dehydration, and perhaps that information could be given to the committee at that time.

By Mr. Leger:

Q. Well then, might I ask Mr. Conger another question. I understand that the Department of Agriculture have assisted some dehydration plants through the supplying of machinery?—A. Again, that was the Agricultural Supplies Board. They put some machinery in—I am not posing as an authority on this—but they put some machinery in, but the government still own it.

Q. Is the government prepared to assist others who would like to start dehydration plants?—A. I could not say, I do not suppose they would unless there was a demand for the product.

Q. I see.—A. If I were a manufacturer, I do not think I would go in for it. The specifications are very, very tight, and if you manufacture the stuff say when the weather is bad, or if you just don't manufacture it right, you own the stuff, not the government; and it runs into money very fast. I don't think it is a gold mine at all.

By Mr. McNevin (Victoria-Ontario):

Q. If I remember correctly, you indicated a price per pound of potatoes dehydrated of 35 cents?—A. Yes, but I was dealing with it from the standpoint of the finished product.

Q. It would depend on the price paid for the raw product?—A. Entirely.

Q. I wonder if there is any way of making a comparison between that price of 35 cents and the price of the product; what would that represent in the way of price per bushel or bag for the raw product?—A. If Mr. Hatfield were here he could give you that information. I cannot give you the figure. I think they were paying the current market price—I forget how much that was, although I remember having seen the figure.

Q. Well, my mental arithmetic may not be correct, but I would take it that approximately 8½ pounds of the finished product would be needed; that is, taking a bushel of potatoes and applying the ratio you indicated of one to seven. —A. And the dehydration process is very expensive.

Q. Yes.—A. For instance, it varies in different things—but the British paid last year, on the basis that I know definitely, the cost of these onions—the price was $78 for the dehydration of a short ton of fresh onions.

Q. I assume that it is an expensive operation as far as that is concerned; but this ratio of one to seven represents the potato?—A. Yes, the potato. That is the figures that was given to me as indicating the ratio of fresh potatoes and the dehydrated product, taking the fresh potatoes as they come in.

Q. Because that would represent, that 35 cents a pound approximately, a price ranging between $2.95 and $3 a bushel.—A. Oh well, you know the dehydration process is very expensive.

Q. I know there is a considerable cost item that comes in there.—A. Yes, it is a very expensive process.

Q. My reaction to the proposition is this, that in shipments overseas there will be a great saving in freight.—A. Oh yes.

Q. And there also might be a substantial advantage coming from the freight standpoint—and those are most important things to remember. Personally I do not see why, instead of following out this process they do not use more of the fresh product.—A. What I want you to keep in mind about potatoes is this, the British use them entirely for the armed forces. They are not being used by civilians to-day at all. And my personal opinion is that every man who has a plant of this kind on his hands now, when the war is over is going to find that he has something of a white elephant on his hands.

By Mr. Rickard:

Q. If there were space available would the British Ministry of Food prefer fresh potatoes to the dehydrated product?—A. That is a factor which does not enter into the question at all. They want the dehydrated product for army, navy and air force use, for special purposes.

Q. But they would prefer the raw product if they could get it?—A. No, they do not say so, they want the dehydrated product.

Q. Not for the army?—A. Well, according to the advertisements appearing in the newspapers over there they are asking people to eat more potatoes, to eat them two and three times a day.

Q. But, if the shipping space were available would they not prefer the raw product?—A. That would not answer their purpose. I would say this, that with most of these commodities if you tried to supply the army in the field with them fresh you would have a pretty tough time of it.

Q. Yes, but we have exported many millions of barrels of apples.—A. But then there was plenty of ocean space available to take them.

Q. It doesn't sound right to me.—A. It is a matter of what they want and why they want it.

By Mr. Evans:

Q. Could it be possible for us to get from the experimental farm someone to outline the operation of dehydration plants for us?—A. I would say that if you want technical informaton in regard to dehydration you might have Mr. M. B. Davis, the dominion horticulturist, or Mr. C. C. Eidt; or some of the men who are directly concerned with the construction and operation of these units.

By Mr. Golding:

Q. With regard to dehydration, you have been speaking about the plants already established. The point raised by Mr. Cruickshank is a point which I think should be cleared up. You say you do not anticipate any trouble in getting your requirements. But you have a situation there where you have potatoes that you cannot dispose of and you have facilities for dehydration of these potatoes which are not being used. I think somebody should be able to give us the answer to that.—A. The function of the Special Products Board is to secure the required product and it can only spend the money that is put to its credit by the buyer. Your problem seems to be one for the Agricultural Supplies Board.

Q. Well, let us get this matter cleared up first. Is there anyone in your department who can give us full information in regard to the whole situation, as to where the potatoes are located and where the plants are?—A. I will give you that.

Q. We have this situation, the point has been brought up by Mr. Cruickshank; now, that is a fact, we take his word for that, there are potatoes there that they cannot use, that are rotting; I think we should have somebody to tell us what can be done with them.—A. I am not disputing anybody's statement, but it is a fact that even last fall I know when I was in Vancouver they were moving quantities of potatoes from Alberta and the other provinces into Vancouver; that they were in short supply. Now, I do not know how many spoiled, but I do know they were coming in because our inspectors in Vancouver gave me the figures. I think at that time there were around 70 cars at the end of October which moved in, and apparently there was a short supply.

Mr. CRUICKSHANK: Mr. Chairman, allow me to interrupt to keep the record straight, because that is all on record here. I think I am entitled to take a little time irrespective of party. I happen to be the only member from British Columbia on this committee. Mr. Conger's information is not correct. It is quite true potatoes were brought in from Alberta last year. I am going to tell you why they were brought in. Mr. Conger can check this on the records of this Imperial board that we cannot get before us. The Wartime Prices and Trade Board set a price on potatoes in British Columbia that the potato growers of that province, who were organized, could not produce, for the farmers out there are well organized like the grain growers and other farmers, and they refused to sell their potatoes at that price. I do not want to quote prices, but I have them upstairs and what I am giving now is from memory. At that time a very influential man of the Wartime Prices and Trade Board said to Safeways that potatoes were imported from Alberta for over two years. Potatoes were only imported from Alberta to British Columbia in any quantity a comparatively short time ago, and three years ago we exported potatoes to Bermuda from British Columbia. On my own farm, one year, after paying storage, I paid 25 cents a ton to dump 100 tons of potatoes into the Fraser river. No department can tell me we cannot and are not producing potatoes. I admit potatoes were imported into the province last year, and the reason for that was this: a member over here in the holy of holies set a price on potatoes in the province of British Columbia that the farmers could not afford to sell at. For instance, they set a price for the Fraser valley and New Westminster lower than that for the potatoes of Kamloops and Saskatchewan, and lower than that for the province of Alberta. I do not want to get into a discussion here with respect to the quality of the potatoes of Alberta and British Columbia, but I want the record kept clear. That is the reason potatoes were brought in, and at the same time our Sumas, Delta and Chilliwack potatoes rotted. I am making a statement definitely that there is a plant available. This plant has gone so far as to import seed potatoes at their own expense from New Brunswick. We admit you grow good potatoes in New Brunswick. We have imported many carloads of potatoes from the maritimes into British Columbia this year for seeding purposes, but we were limited, if I remember correctly, to 8 potato diggers—I have the figures upstairs. I took it up with Mr. Gardiner and the British Columbia allotment was 8. They had agreed then they would increase the amount of material available to us by releasing certain of the 1942 allotment and then the expected allotment for 1943. We have gone ahead and induced our growers to use the berry lands, which the Department of Agriculture ought to be interested in. There are hundreds of acres of it which the Japanese farmers had under cultivation and which is now lying vacant as far as berries are concerned. The canneries have advanced the money to buy the seed and put that land into a potato crop this year rather than let it stand idle. Here is a point the members of the committee should remember. That land is being held, rightly so, in abeyance for the returned soldiers coming back. Is it not better that that land should be kept under cultivation by producing potatoes, with a plant available to dehydrate it, or should it be allowed to go

wild for the boys coming back, simply because some fellow in the Wartime Prices and Trade Board was apparently afraid to appear before this committee, knowing nothing about farming, who said we cannot have it? He says that this plant that is there will be a white elephant after the war. I may be permitted to say I agree with that, but I want to point out the witness' own statement that the equipment of all these plants belongs to the people of Canada and is not a white elephant to the individual owner.

The WITNESS: No.

Mr. CRUICKSHANK: Just a minute, I will be corrected now if I am wrong on that point.

The WITNESS: I think the individual amount of some particular equipment would be a very small proportion, something like $3,000, as I understand it. In some plants I think the amounts spent are something like $12,000 or $13,000 or $14,000, but that plant itself and the bulk—

Mr. CRUICKSHANK: They got $11,000 at Vernon to get the equipment in, to start with. They have been in this line of business for a great many years. I am not saying it is not a white elephant to Mr. Bulman and Mr. Hatfield. Mr. Bulman is the man who got the $11,000 to start with. He has been in that line of business, and if it is a white elephant it will be a white elephant at their own expense. It was said that the Wartime Prices and Trade Board would give priority to encourage the production of good maritime seed potatoes; but yet they are told, or I am informed, in spite of the fact that last year we produced in the whole country 1,273,780 pounds and this year we estimate 7,700,000 pounds, the plant is not to be utilized and the only excuse that has been offered to me is that we have not definitely proved we would have a surplus of potatoes.

Mr. Chairman, have you any surplus of potatoes in Ontario to-day when you are bringing in carload lots from Saskatchewan to Ontario? Is there no definite deficiency here? The Lethbridge plant, according to the admission of Dean Shaw, does not know whether it is going to produce those vegetables or not; yet there is no deficiency there.

Mr. GOLDING: I wonder if Mr. Cruickshank could tell us now what price the Wartime Prices and Trade Board set for seed potatoes last year; what was the price?

Mr. CRUICKSHANK: I have that upstairs; I am speaking from memory now, $44 or $45, that is for eating, not seed.

Mr. DONNELLY: Can you tell the committee whether the potatoes that were brought in from Alberta were sold above your price by the Safeways people?

Mr. CRUICKSHANK: No, in some cases the price was set and our information was the price was set to the retailer. The Alberta ceiling was higher than ours. We paid in the retail stores, the Safeways own stores, as high as $70 a ton. Safeways is a chain store and they were prepared to assume the loss in order to satisfy their customers. I have no quarrel with that.

Mr. GOLDING: Did you say you dumped a hundred tons?

Mr. CRUICKSHANK: Not last year, some years ago. I did not grow any potatoes last year. I did not personally dump them. The potatoes were rotting on Lulu island last year. I will admit that they could have been sold and prevented the Alberta potatoes coming in, but the farmers, for months stood on their hind legs and refused to be dictated to, and I think every member here agrees with them when they said they would not sell below the cost of production.

Mr. LEGER: Did I understand that the equipment for the dehydration plant to dehydrate potatoes was refused by the government?

Mr. CRUICKSHANK: I have the letter right here—no, it is upstairs, I am sorry.

Mr. SENN: Can you say what Safeways paid for these Alberta potatoes?

Mr. CRUICKSHANK: No, I could not say.

Mr. SENN: Would it be lower than the price you were offering?

Mr. CRUICKSHANK: I presume the Wartime Prices and Trade Board set the price for Alberta too.

Mr. SENN: They were bringing in carload lots?

Mr. CRUICKSHANK: Yes.

Mr. SENN: Would they sell them for less or buy them for less than you were offering?

Mr CRUICKSHANK: No, the Wartime Prices and Trade Board set a price that was higher than what they were being allowed to pay in Vancouver island or the Fraser valley. They set the price. We are assuming that Safeways assumed the loss in order to satisfy their customers, which I have no quarrel with. That is their business. Mr. Gilland of the Berryland Fruit Association, who is the sole owner of the building I am referring to, runs a dairy farm in connection with his plant and has been in the canning business for years. The last information I got from the department was to the effect they were considering giving him an order if his plant passed inspection of the government. That is the plant that Mr. Shaw did not have the particulars of the other day. That plant was passed some time ago by the dominion government man, Mr. Atkinson, with a proviso, and the proviso was that the provincial government give them a guarantee that it would not be a deficiency area in British Columbia. Now, you know something about the weather in the east this year and you know no department could possibly give a guarantee as to what a crop is going to be.

The CHAIRMAN: I do not know where we can get to in a discussion of this kind, but we have not got the information before us. No doubt Mr. Cruickshank has some cause to complain in this matter from what he has said, but without having all the correspondence and documents before the committee I do not think the committee can arrive at any conclusion. What is the pleasure of the committee?

Mr. CRUICKSHANK: I have the same right as any other member here. Why am I called upon to produce correspondence when nobody has ever produced any correspondence here?

The CHAIRMAN: I do not know.

Mr. DONNELLY: The committee is entitled to know where the plant is and who the men are who are running it and so on.

Mr. CRUICKSHANK: I just gave all that information.

The CHAIRMAN: Who are in charge?

Mr. CRUICKSHANK: I think the president and sole owner is Mr. E. M. Gilland. I am not giving his children's names because I do not know them. I told how the contract stands to-day, under the signature of the chairman of the marketing board as transmitted to me by the Minister of Agriculture; they say they will consider giving him an order if his plant passes federal inspection. We have no quarrel with that. Mr. Atkinson of the Summerland Experimental Farm who passes on every plant in the west has given his approval, but the second consideration was, would the provincial authorities give a guarantee that there would be no deficiency of potatoes. He is interested in the shortage in the province of British Columbia. Now, Mr. Chairman, I should like to say to you, as a practical farmer, and to the members of the Committee on Agriculture who know particularly the weather conditions we have had in the east this year,

that nobody in authority, I do not care how scientific he may be, from any agricultural department can give a guarantee like that. You all know that. I want to know why we cannot have this contract, if the Department of Agriculture are willing to assume the responsibility if we cannot produce—I do not say we can—if we cannot produce 7,700,000 pounds of evaporated potatoes, dehydrated potatoes this year. They know we cannot give that guarantee. I should like to know if they will say, if there is a surplus of potatoes rotting in the province of British Columbia this year, who is going to pay for them. That is all I am interested in.

Mr. GOLDING: The plant that you speak of, was it established last year?

The WITNESS: No.

Mr. CRUICKSHANK: It was established, but not as a dehydrating plant.

By Mr. Wright:

Q. May I ask you a question with respect to the ownership of these plants? You said that they were privately owned and later on, I believe in answer to a question by Mr. Cruickshank—at least that is the way I interpreted it—you said there was certain machinery in these plants that the government had paid for.—A. There is a certain amount of machinery, certain types of machinery they got and they have it there, but it is still owned by the government.

Q. For the operation of the dehydration plants?—A. I have nothing whatever to do with it, it is the agricultural supplies board.

Mr. LEGER: Mr. Gardiner gave us that the other day.

The WITNESS: I want to make this clear, as far as Mr. Cruickshank's remarks are concerned, I have had no correspondence or anything else in regard to this particular plant; I think the correspondence has all been through Mr. Shaw and the minister.

Mr. CRUICKSHANK: That is correct.

The WITNESS: As far as I am concerned if I were instructed to close a contract on this berry land then I would come into the picture to close the contract; it is not my problem to say where it should be.

Mr. SENN: We understand that.

The CHAIRMAN: I do not want to leave this thing uncertain. If Mr. Cruickshank wants us to consider this again perhaps we can get Dean Shaw back here to discuss the matter with respect to that particular question that he has brought up. I do not think we can go any further into it at the moment.

The WITNESS: He is the only man who can give the information from the Department of Agriculture that you want.

Mr. CRUICKSHANK: I will be perfectly satisfied with that.

The CHAIRMAN: May we go on? I notice you have included in this amount here the question of beans. Many Ontario members in particular have mentioned beans at different times. I was wondering if there was any information desired with respect to that item.

Mr. TUSTIN: I should like to ask two or three questions with regard to tomatoes. In 1941 we shipped 300,000 cases of tomatoes. Did I understand you to say in 1942 there were none at all?

The WITNESS: There were none shipped.

By Mr. Tustin:

Q. And again this year there were none?—A. No sign of any at all.

Mr. GOLDING: I come from a bean-growing district and I happen to be in one county that produces quite a lot of beans. May I say that the farmers in

that district are now familiar with the situation and they have had the information in time to get the beans planted. We have exported over 2,000,000 bushels of beans in a year from that district.

The WITNESS: I am glad Mr. Golding brought that point out because when I gave you the figures I gave you the quantity of beans that were to be shipped and I did not include beans purchased by the British from the 1941 crop as they did not go through the special products board. The bean contract for the 1941 crop was made direct with a certain shipper in the bean-growing area and the British purchased 10,000 tons of Canadian dried beans and some of them are still in the country, but they will be moved. This time their purchase of beans is being made from the special products board.

Mr. GOLDING: I would imagine, Mr. Chairman, with the season as it is now, the beans coming on later than the spring crop, it will assist in the production of beans this year if the farmers get favourable weather.

The WITNESS: That is what we hope. We practically completed a contract with the British for up to 40,000 long tons, depending upon the crop and the Canadian supply situation, at a price in the neighbourhood of $2.90 a bushel f.o.b. shipping point, which would net the grower $2.50 a bushel on the basis of No. 1 beans.

Mr. GOLDING: The bean growers have a very good organization known as the Bean Growers' Association, and they have spread the news, I know it is all over.

The WITNESS: I am glad to hear that.

The CHAIRMAN: Are there any further questions to ask Mr. Conger?

By Mr. Clark:

Q. I believe one of the problems has been the British Food Ministry does not advise you about their requirements when they should so that you can plan production. Have they this year advised you in plenty of time to plan production as you would like to? I know a couple of years ago they came over and wanted tomatoes the last week of June and the first of July. It is impossible for a grower or a cannery or anyone to plan production when they come that late. Now, are they giving you the information in time so your production can be planned?—A. Yes, Mr. Clark, there is a big improvement. I willingly admit that on some things we were always at sea to know what they wanted, and what they did not want. The first thing was, well, the onions last year. They told me about it and I got them planted in plenty of time. On dehydration we would have had far more out of last year's crop had we known in time—perhaps it was just as well, seeing the shortage of potatoes, we did not know. But this year we know about the beans, and we do know about these dehydrated products. A lot of publicity has been given to it; and at the time conference was on we asked for an increased production of potatoes of 11 per cent. There has been a decided improvement.

By Mr. Senn:

Q. Did I understand you to say that you knew about the beans in plenty of time?—A. Yes, the bean negotiations have been going on for some little time. It takes time to get them approved, and I think the minister announced the price of $2.50 somewhere about two months ago. The agricultural supplies board brought in representative bean growers from the Chatham area. They selected their own representatives, and the shippers sent in some of their own people so the matter could be thoroughly discussed as to what price would bring the necessary production.

By Mr. Evans:

Q. In shipping the various fruits we have three parts in Canada that produce most of it; that is, the maritimes, Ontario and British Columbia—can you give us a breakdown on the quantities of products shipped from each of the provinces?—A. The berries all came from British Columbia. As you know, in Ontario the berry situation was short; and they bring in a great many of their berries, in SO_2 and in 2 plus 1 and the three plus one from British Columbia.

Mr. CRUICKSHANK: British Columbia could not supply many last year.

The WITNESS: No. And, we could have used almost unlimited quantities of strawberries from British Columbia, but the Japanese were moved out and there were a great many farms not being operated, so we fell short. In 1942 our shipments amounted to 529 tons. This year the British would have taken berries again but the situation was hopeless, they might take some other products—later on; but there again it depends on the crop, and they say no at the present time as regards plums and prunes.

By Mr. Cruickshank:

Q. Is Mr. O'Meara still your representative in British Columbia?—A. Mr. O'Meara is not definitely working on dehydration.

Q. No, but he still works for the department does he not?—A. He was looking after the shipment of the production out there; that is, as far as the SO_2 products are concerned.

Q. He is still there, is he?—A. Well, we give the provincial department a very small sum each month, which leaves us free to use him if we need him; but the amount is not very much, it was more when there were more negotiations to carry on.

The CHAIRMAN: Well then, if there are no further questions from Mr. Conger, we will just say: we are very much indebted to you, Mr. Conger, for your consideration in coming before the committee this morning and if we want any further information from you we will call you again.

We also have with us this morning, Mr. W. A. Brown, of the poultry division; and if the committee is agreeable, I think we should have Mr. Brown at least commence his statement. If we do not finish with him he can return again at another meeting. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed

The CHAIRMAN: Mr. Brown, the committee would be glad if you would deal with the activities of your particular branch of the service.

Mr. W. A. BROWN, Chief of the Poultry Products Division of the Special Products Board, called.

The WITNESS: Mr. Chairman and gentlemen: A Poultry Board was first requested by the Ministry of Food in January of 1940, about the time the dairy board was organized. Nothing materialized, however, for over a year, until the Special Products Board was formed in April of 1941. The reason for the delay may have some special interest to the agricultural committee, having in mind that hardy perennial, egg grading and egg regulations, which were discussed on different occasions a number of years ago. The reason for delay in setting up a Poultry Board was that the Canadian government and the British government could not agree on the methods of payment. During the fifteen years previous to the war eggs and poultry shipped for export to Great Britain had been sold on a c.i.f. basis with payments against documents at the banks in Canada; as soon as a through bill of lading and a certificate of inspection was produced: in other words, anybody who shipped his eggs from a western Canadian point took his through bill of lading and his inspection certificate into the bank at

Saskatoon, Moose Jaw, Winnipeg or elsewhere and got his money for that car actually before the car had moved from his own siding, providing it had been sealed and the freight bills released. That was an achievement that grew out of the confidence developed in the Canadian government's certificate of inspection as to grade and quality of eggs and poultry for export. The British Ministry of Food had been accustomed to buying bacon and other things on a consignment or partial payment basis and insisted on buying eggs in the same way.

An inspection was made by them on the other side and a portion of the payments held back until the eggs had been examined. That was not a very satisfactory method of doing busineses after the system of prewar days had been built up. In the interval before the Special Products Board was set up business was continued under an arrangement whereby settlement was made through established agencies of Canadian shippers on the other side; I thought in the light of earlier discussions that that might be of interest to the committee; that it was possible to devise a system of export sale based on standards based on inspection whereby a shipper got money for his export product quicker in this country than if he were shipping eggs from western Canada down to the market in eastern Canada.

By Mr. Senn:

Q. Were there any complaints on the eggs after they arrived at their destination?—A. After the shipping situation got difficult in the second year of the war. No trouble was experienced in shipping the fresh eggs; except that they kept back 10 per cent of the money at first, later did get up to 90 per cent; and just before egg drying started the payment of the total amount on this side was arranged.

Our record on storage eggs was not so good. We found that we had a lot to learn about the efficient long storage of shell eggs, especially when one takes into consideration the delays at seaboard and the delays in getting through to the other side—

Q. Were there any refrigeration difficulties?—A. Not so much with Canadian as with States product—there was a large quantity of States eggs shipped through Montreal, and naturally, where they did not have as efficient a grading system behind them, in fact made shipments out of storage without grading, some confusion occurred and received adverse criticism in the newspapers at the time. The changeover from shipping in shell form to dried form has obviated any difficulties there were in shipping; and our dried product is arriving in England and giving excellent satisfaction.

Export shipments grew steadily during the early years of the war; from a million dozen in 1939, to nearly forty million dozen last year. Shipment of eggs in the shell is a bulky form of movement. The steamship companies like a certain amount of light cargo to balance the heavier commodities, and eggs were carried in the shell longer maybe for that reason than might otherwise have been the case. In the general move toward the dehydration of many products eggs were included on request of the British ministry and since last March, a year ago—all the eggs that have gone from Canada have gone in dried form.

Eggs in dried form are one of the most valuable of food products that move. The value of the average car is $75,000. And they take up much less space than shell eggs. One carload of dried eggs is the equivalent to 6 or 7 carloads of shell eggs. I do not know that any group probably were under greater pressure than were the special products board last spring when a sudden termination of shell eggs came into effect just at the beginning of the heavy producing season.

Before the war there were three plants in Canada; two of them small, with a total capacity of about four cars of shell eggs a day. Taking care of the surplus of the three months, March, April and May, taxed the capacity and the

ingenuity of everyone in the trade, the board, the storage facilities, the driers and so on and it is surprising how out of difficulties developments will grow. The saving grace was—the storage of frozen eggs in block form. The total storage capacity for shell eggs in Canada in surplus producing areas was around 450,000 cases. The board was faced with several times that quantity. Previously the practice had been to store frozen eggs in tin pails. There was no tin available. A genius in the egg breaking trade in Winnipeg devised a form of mould, and the result was that 30 pounds of frozen eggs could be put in one of these moulds and sharp frozen in the form of bricks. It is doubtful if storage rooms were ever used more efficiently than resulted from that development. The packages were just piled up one on top of the other like you would pile bricks, making use of every bit of available space in the storage chamber, the only thing you had to do was to make sure that the floor was capable of carrying the load. The eggs were frozen there at 10 below zero, and stored at zero.

With only three egg-drying plants available the milk driers were called in to help the drying problems. They did help, but to-day only a few milk drying plants are being used. It was necessary to build five new plants, and there are nine plants in operation this year. Four of the five new plants were built in Western Canada: one in Winnipeg, one in Saskatoon, one in Edmonton and one in Calgary; and the idea was to locate these plants geographically across Canada at points where there was at least a surplus of 150,000 cases a year, the idea being to keep them operating seven days a week, 24 hours a day, the year round. There is capacity now to handle more than the maximum of this year's contract. There has been no congestion. As compared to holding 450,000 cases in storage last year at this time the board now actually holds 32,800 at the present time, and as against 12 or 13 millions of frozen, about 7,000,000 pounds of frozen are in storage at the present time. In other words, from the first of this year the drying capacity was able to keep up with the flow, with the exception of a very short time in April and May.

Last year the contracts were on a shell egg basis with Great Britain; and a supplementary contract was evolved for the conversion of these eggs into powder. An estimate was made of the cost of storage during the year, and it was very satisfactory at the end of the drying season last December to be able to turn back to the British Ministry something like $400,000 out of the estimate that had been made; it being understood in the contract that any savings in the conversion would revert to the credit of the British Ministry of Food

In contrast to other boards who buy only the products, the Special Products Board in eggs buys the raw product and arranges for its conversion. The contracts for 1943, however, were on a dried basis—$1.16 a pound in barrels at seaboard. The way the 1943 contract was arrived at was to take the 1942 spring price of eggs, the previous contract price and add 2 cents to it, making it 34 cents. This was the recommendation of the producers consultative committee, named by the poultry industry committees across Canada; and after that price, 34 cents a dozen, the equivalent of 94 cents a pound in dried form to add to the cost in storage, transportation and shipment—bringing the total to $1.16. No shipments are being made in 1943 in barrels. Two types of containers have been designed; the 14-pound container—for the army and restaurant trade in Britain; and the five-ounce package for household use.

(A sample of the container displayed to the committee.)

By Mr. Cruickshank:

Q. How many eggs would there be in that?—A. One dozen. The first car-load packaged in this manner moves from Winnipeg this week.

By Mr. Senn:

Q. You say one dozen; do you mean No. 1—there are different sizes of eggs, as you know?—A. It says on this carton, "five ounces net weight—equal to 12 eggs."

Q. I know, but there are different sizes of eggs. The Grade A large runs 24 ounces to 26 ounces a dozen, while in the Grade B or a lower grade they might be only 20 ounces a dozen. What do you do, take an average?—A One of the virtues of this particular type of egg business is that the idiosyncrasies of the different producer flocks and the different farms are wiped out in the blending that takes place.

Q. You do not mean to say that a man would get as much for small eggs as he would for large ones.—A. No.

By Mr. Wright:

Q. What grades of eggs are in that?—A. Grades A and B of shell eggs. They are blended and go into the total product. The dried product is graded A and B, but there is a comparatively small quantity of grade B.

By Mr. Senn:

Q. Are storage eggs used at all?—A. Yes.

By Mr. Soper:

Q. What is the grade equivalent of storage eggs?—A. Storage eggs are B grade.

By Mr. Wright:

Q. Is there just one class there? From what grades of eggs do you make your A and B product; do you use grade A eggs for grade A products and B eggs for grade B products?—A. In the blending process both A and B grades of shell eggs may form the basis for A grade powder. Grade B powder is grade B because of inefficiency in conversion. Grade B may have a little higher moisture content; may not be quite as soluble; and it may not be quite as palatable—all grading is based on palatability and eating quality.

By Mr. Cruickshank:

Q. Have you any information as to what the small package sells for?—A. It sells for 1s. 9d.—that is the equivalent of 42 cents—to the consumer in Britain.

Q. And where are they sold?—A. Off the retailers' shelves in the local stores. I understand it is subsidized in part by British Ministry. But the 14-pound package goes to the restaurant and army trade. The Ministry wished us to put all our product for that trade. We argued that point, feeling that we had a good product and that Canada had a right to share in the household trade as well as in the restaurant trade; so the contract provides for about half the product to go into five-ounce packages. The 14-pound packages are corrugated boxes, about an 11-inch cube, with a kraft bag outside a bag of waxed cellophane, which is a vapour-proof material; that is filled and heat sealed so that it will stand against any ordinarily adverse temperature or moisture conditions.

By Mr. Senn:

Q. That brings up the question of its keeping qualities, the same question Mr. McNevin asked respecting the keeping qualities of dehydrated fruits and vegetables; is there anything that would spoil in that?—A. Yes, there is 42 per cent fat in this product, and that is the hazard.

Q. It would go bad?—A. It will, in the presence of moisture or high temperature. The product is cooled at the driers to 80 degrees within an hour. It is cooled immediately as it comes off the belts and it is held at 60 degrees—and moved to refrigerator cars. We give it the best possible treatment in Canada. The standards for the product have been evolved by the research council biological division; and Dr. Cook, the head of that division, in conjunction with army authorities in the United States, has made a study of the containers and specifications to be used in the hot countries—the southern Pacific, the Mediterranean, or Africa—where these products may go after the war.

Q. You mentioned restaurants and households, is any of it going to the army?—A. Oh yes; the 14-pound package goes into the army requirements. It is used for restaurants and the army requirements. The B grade goes to the baker trade. We have about 10 per cent B grade.

By Mr. Wright:

Q. Has this product been generally available as yet in Great Britain?—A. No, not the small Canadian package as such; the first car leaves Winnipeg this week. Some of the Canadian products may have been repackaged in England, but not sold as Canadian products. Those that are going forward this week are the first that will reach Britain as distinctive Canadian products in a distinctive Canadian package.

By Mr. Wright:

Q. You have no practical knowledge yet as to what its keeping qualities will be?—A. No; although it would interest you all to visit the testing rooms in the research council where all the conditions of the hold of a ship or a British retail store are set up under controlled humidity conditions. Before this type of packaging was decided upon, many types were tested under the above conditions so that now we can approach that market with confidence. The 14-pound package was described and is one of the first big movements using the Canadian national mark: that is the head and shoulders and bust of a mountie surmounted with the words "Canadian dried eggs, quality guarded, grade A". That sticker appears on the front of every 14-pound package.

By Mr. Cruickshank:

Q. How long will the package keep after it is opened?—A. A long time if one follows the instructions. Take the package which is sealed, like this one, and you cut off the top, and if you are not going to use it for a while all you do is run your thumb nail across the top and it is sealed again.

The CHAIRMAN: It operates as does a tobacco pouch.

The WITNESS: Yes. We have all the advantages of that type of container. They were studied at that time. There has been a little trouble as regards the shortage of cooking utensils in Britain, and one thing that is not good is eggs in any form that are burned in the cooking. Dried eggs are just as unpalatable when burned in the cooking as shell eggs. The consumer service at the present time is working on a little onion-skin leaflet to go in the consumer package just above the bag. It describes how to use these eggs, not a whole lot of recipes, but their use as eggs as custards and for general cooking, with suitable illustrations. One very necessary thing is that the powder be thoroughly dissolved before it is used for any purpose and well beaten.

By Mr. Leger:

Q. As scrambled eggs, for instance?—A. Yes. You must get the powder in a solution before you put it into the pan. Now the essential things that people should know when they get the package will be incorporated in that leaflet and placed in the top of the package.

Mr. CRUICKSHANK: It will be a good thing to say that they come from British Columbia.

The WITNESS: I wish they did.

The CHAIRMAN: The white and the yolks are all dried together, are they?

The WITNESS: Yes, the product is dried whole egg.

The CHAIRMAN: Now, gentlemen, it is 1 o'clock, and Mr. Brown will be prepared to continue his evidence with us, so we will adjourn until to-morrow morning.

The committee adjourned to meet Wednesday, June 23, at 11 o'clock.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

WEDNESDAY, JUNE 23, 1943

WITNESS:

Mr. W. A. Brown, Manager of the Poultry Section, Special Products Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

WEDNESDAY, June 23, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. Weir, presiding.

Members present:—Messrs. Blair, Bourget, Clark, Cloutier, Cruickshank, Dechene, Douglas (*Queens*), Dubois, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Henderson, Kirk, Lafontaine, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), McCuaig, McCubbin, Mullins, Perley, Rheaume, Rickard, Ross (*Middlesex East*), Senn, Soper, Tustin, Ward, Weir, Whitman, Wright.—35.

In attendance:—Mr. W. A. Brown, Manager, Poultry Section, and Mr. R. E. Nicoll, Supervisor of Canadian Egg Drying Plants, both of the Special Products Board; Mr. J. F. Singleton, Chairman, and Dr. H. A. Derby, Secretary, Dairy Products Board.

The minutes of the last sitting held on Tuesday, June 22, were read and on motion of Mr. Blair, approved.

Mr. Brown was recalled and questioned on the drying and grading of eggs. He agreed to file supplementary information requested by members of the Committee. (See Appendix to this day's evidence).

The Chairman announced that the witness had offered to arrange for a visit to the egg drying plant in Ottawa by members of the Committee.

On motion of Mr. Blair, the Committee adjourned at 1.00 o'clock until to-morrow, Thursday, June 24th, at 11 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

83760—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS

June 23, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: The committee had Mr. Brown with them yesterday discussing the egg and poultry features of the Department of Agriculture. He advises me he also has with him this morning a member of the organization who looks after the technical features in connection with drying and other preserving developments, so that if there are any questions along that line that come up we will be able to get additional advice.

I presume the committe is prepared to go on this morning with Mr. Brown; if that is agreed we will call on Mr. Brown to continue where he left off yesterday.

Mr. W. A. BROWN, Chief of the Poultry Products Division of the Special Products Board, recalled.

The WITNESS: Mr. Chairman and gentlemen, I should like to take just a few minutes to explain something of the highly technical and difficult engineering aspects of drying product like eggs.

In the first place the albumen of eggs is a very fine cultural medium for bacteria; it is actually used in the laboratories as a medium for the growth of bacteria, and all operations have to be critically controlled to keep down the incidence of bacteria. A broken egg is rather a sticky substance as well. The impingement problem in the dryer is a difficult one and practically necessitates each dryer setting up his own studied conclusions regarding airflow, air temperature, pump pressure, nozzle size, and any other factors that interfere with this sticky substance being disintegrated into the finest possible particles. If great glogs get loose in the dryer and adhere to the walls, and if the temperature is wrong even fine spray will adhere to the wall, and it will cut down the yield materially.

In milk drying the powder is passed through a milk bath where the exhaust air is discharged from the dryer. There is no such facility as that in eggs and elaborate precautions have to be provided. This air is saturated with moisture and cannot be used again and is exhaust waste. The getting rid of the air and retaining the powder, which is worth over a dollar a pound, entails exacting engineering devices.

The eggs are brought in—plant drying capacities range in Canada from one car to three cars a day. It requires about 20 girl operatives to break a car of eggs in eight hours. The plants employ up to as high as 100 operatives per shift, depending on the size of the dryer and whether or not they are putting away frozen melange as well. The eggs are cooled down to lower than 40 degrees and the broken melange is never allowed to go above 45 degrees and must be dried with dispatch. Temperatures above 45 degrees and any undue holding immediately cause a rise in bacterial count that is ruinous to the product. Similarly all pipe lines, clarifiers, line filter equipment, everything which the

wet product touches must be cleansed frequently in strong disinfecting solutions. You have to be very careful and not use hot water or steam on these utensils because heat will coagulate the albumen and it sticks and is almost impossible to remove. Even wire brushes will not take it off, but will score the inside of the pipe line before it will remove the gluey albumen.

According to the size of the plant it requires an air flow of 8,000 to 18,000 cubic feet per minute, and the actual inlet temperatures vary from 270° to 310° F, depending on the type of plant. There are two main types of plants, the cone type and the box type. There are two types of box dryers, those with multiple nozzles in a horizontal line, and those as in the Merrill-Soule type, one large nozzle centred in a swirling current of air. Egg powder must be removed from the dryer continuously. If it is allowed to stand the high fat content will result in the product becoming rancid.

The big engineering problem is the removal of the dust in the air, and some very ingenious and worthwhile apparatuses have been devised for that purpose. Powder comes out of the dryer at a temperature about 135 degrees. Handling facilities which will avoid the inclusion of any moisture in the product are very important. The egg powder must come down to 80 degrees, as soon as possible after it comes out of the dryer, and stored in a temperature of 60 degrees.

Last year when the job of egg drying developed so suddenly no one knew a great deal about it. With the help of the National Research Council and with an opportunity of seeing the best equipment in operation that had been developed on this continent, it has been possible to devise and place in operation in Canada the most uniform and the most highly developed system of egg drying anywhere in the world. To attain that end the National Research Council built their own dryer and out of technical engineering experience gained from that operation a remarkable uniformity of product has been possible. The specifications for operation have been set down in board requirements, and apply to all breaking and drying operations in Canada. The critical standard for A grade powder is giving Canada something that she may well be proud.

I said yesterday that the Special Products Board purchases the raw product as well as the finished product. This grew out of the fact that the earlier contracts were for shell eggs and the change from shell to the dried product took place in the middle of the contract year. A producer consultative committee and a trade consultative committee were named shortly after operations commenced; and before any contract is entered into these two groups are brought into consultation. Within the next two or three weeks the basis for next year's contract will be under discussion.

You would be interested in the methods of payment. The shell egg cars are bought at a contract price f.o.b. seaboard, and a price list is published monthly or whenever any change is required. That price list gives a price for all exporting shipping points in Canada and also a delivered price for dryers in that immediate vicinity, two dryers for each shipping point.

There was considerable delay in payments last year because the shippers paid the freight and there are often errors in freight bills and by the time the rate clerks have found those errors and got them traced back through the local freight station and the audit departments of the railways, sometimes two or three months elapsed before the shipper was paid for his car of eggs. This year by establishing a delivered price at each two dryers adjacent to every shipping point, the clerks in the treasury office simply take the invoices and the price lists and if they coincide it greatly facilitates payment, so much so that invoices are rarely held longer than twenty-four or thirty-six hours at Ottawa.

The most interesting development in the price situation, however, took place with the dryers themselves. Last year everything was on a conversion basis, 15 cents a pound. This year the driers are paid according to grade, 15 cents a

pound for A grade and 10 cents a pound for B grade. Last year the eggs were simply turned over to the dryers and they converted them into powder. Volume turnover was the big consideration. This year yield is the first consideration. In eastern Canada driers are paid the price per pound up to a yield of 10·75 pounds per case, between 10·75 and 11 pounds per case they are only paid the conversion charge. Over 11 pounds they revert to a poundage basis.

Last year the dryers were only paid for converting the eggs into powder; this year they are debited with the eggs by the board and paid for the powder on the yield basis as indicated. The result is, instead of getting a little over 10 pounds, as was the case last year, the board is going to get 11 pounds or a little better on the average from all dryers per case of eggs this year; while the introduction of this new system was a little difficult at first, once it was understood and appreciated, it has been entered into with a zest, by those concerned, of which all may be proud.

The CHAIRMAN: I am sure that is a very interesting story. I presume a good many of the members have some questions they would like to ask Mr. Brown.

By Mr. Senn:

Q. I should like to ask if there is any poultry going to the old land and if so have you charge of that or how is it done?—A. There is no poultry going to Britain at the present time. Contracts were almost completed on two or three occasions for canned poultry.

Q. We had quite a substantial trade with the old country at one time, did we not?—A. Previous to the war the export trade for dressed poultry was second only to bacon in meat products and gave great promise of development. We are in almost monthly touch with several of the British importers wanting to keep in line with all the new developments in Canada and possible connections after the war. The reason that canned poultry has not been pressed more lately is because, with the general meat situation, all poultry meats have been at ceiling prices since the first of the year.

Q. How is our supply?—Is it sufficient at the moment, for domestic consumption?—A. No. We are short of poultry meat. It is pressing the ceiling hard.

By the Chairman:

Q. Mr. Brown, the first contract was for shelled eggs, and shipping difficulties made it almost impossible to deliver those. Was it from that situation that the development of this powdered egg product was undertaken? Did the British government ask you to attempt this, or was this one of your developments here?—A. No. It was done at the express request of the British Ministry of Food.

Q. I was going to ask a further question on this matter. What about the shells which are taken off the eggs? Is there any market or any use for those? —A. That is one article which at the moment requires more salesmanship than it has been getting. Oyster shell at the moment has becoome short in Canada through the embargo movement through the States. Most of our oyster shell previously came from the mouth of the Mississippi river. Lime stone grit will take the place of oyster shell, but some of us think that egg shell, prepared and put up bacteria-free, free from possible disease contagion, ought to be one of the most easily assimilated sources of lime that could be found. At the moment there is just one plant in Canada which is putting up this product, in Winnipeg. They will have several thousand tons—it costs $8 to $10 a ton at Winnipeg. That will be available. There is about 20,000 tons of egg shell however available for drying in Canada annually; in addition to the lime content, there is about

half a pound of albumen that does not separate from the egg membranes when broken. With eggs at 40 degrees, the albumen is cold and adhesive. There is that proportion of protein that would be available with this egg shell, along with the egg membranes and such other mineral constituents as are in the shell in addition to the lime.

By Mr. Senn:

Q. That is used for poultry grit, is it?—A. Yes. That is the idea. Or for hog feeding and feeding of other animals; anything that requires lime.

By Mr. Evans:

Q. Were there any eggs being dried prior to your undertaking it for the British Ministry of Food?—A. A limited quantity. There were in Canada three egg plants before export development. They dried no whole eggs. It was all separated into yokes and albumen. The yokes used were dried by the spray drying process and used for mayonnaise; the albumen was dried in pans and used for ice cream, soft-centered candies and the like. There was quite a demand for dried eggs for specially prepared flours also. Since the war a limited development, a limited manufacture has continued, and at the present time a certain quantity is being released to the Department of Munitions and Supply and for contractors, in connection with the war effort.

By Mr. Fair:

Q. How many egg-drying plants have we in Canada, and where are they located?—A. There are nine: one each in Ottawa, Trenton, Toronto, Belmont in Ontario, two in Winnipeg, one in Saskatoon, one each in Calgary and Edmonton.

By Mr. Cruickshank:

Q. What is the minimum amount of eggs required to operate a plant?—A. 150,000 cases.

By the Chairman:

Q. For what period?—A. Twelve months.

By Mr. Cruickshank:

Q. That is a day?—A. No, per year; twelve months.

Q. For a year?—A. Yes.

Q. What does that work out to in cars? I was told about a car a day.—A. About a car a day.

Q. What is the approximate cost of establishing a plant? I do not mean the building, but the dryers and that sort of thing.—A. Complete, building and all, $100,000 to $200,000 depending upon capacity of which the building would be $20,000 to $40,000. A dryer is a pretty big piece of equipment. The largest one is 45 to 50 feet in height and 22 or 25 feet in diameter. It requires four storeys of a building to accommodate it.

By Mr. Blair:

Q. Is it possible to have the eggs broken and put into a melange and the melange shipped in cold storage to the dryer? The cost of sending the boxes to the dryer, ravamping the boxes and shipping the empty boxes back again involves a considerable expense. I wondered if it was possible in the egg centres to break the eggs, put them in cans in cold storage and ship them to the dryers so as to save freight on the boxes to and from the dryer and to save the charge of

revamping the boxes?—A. Yes, Mr. Blair; that is practically what is done. Under 100 miles I doubt if it would pay. You can get quick return of the cases. The cost of a breaking establishment including refrigeration and the equipment to do the job in a sanitary way, would preclude one being built for instance, at every grading station. The whole plan of operations is to move eggs as short a distance as possible in the shell. Move them frozen in 90,000 car blocks, when necessary but in long distance shipments in powder form is the most economical.

By Mr. Cruickshank:

Q. Are there enough plants in Canada now to handle our production?—A. Yes. It will not be possible to keep them all operating full time this year.

By the Chairman:

Q. Coming back to this question of price, you mentioned, if I understood you correctly, that the drying plants were paid 15 cents a pound?—A. For A-grade on the yield between 10·75 and 11 lbs. per case, 15c. a pound. For Grade B which is about 10 per cent of the production, 10 cents a pound. For no grade powder which is not exported, no drying charge is paid.

Q. Is that the price they get for producing the product?—A. Conversion.

Q. That is over and above the price they pay for the eggs.—A. They are debited with the cost of the shell eggs and credited with the value of the powder delivered.

Q. What I was trying to get at was the cost of drying these eggs on a per-dozen basis.—A. No, on a pound basis.

Mr. SENN: I could not hear that.

The CHAIRMAN: They figured on a pound basis, he says.

The CHAIRMAN: I think perhaps it would be interesting to have on the record just approximately what it might cost per dozen to dry these eggs.

Mr. KIRK: Did Mr. Brown answer that question? If he did, we did not hear it.

The CHAIRMAN: No. He is going to make a calculation here in a minute or two.

The WITNESS: We have done all our figuring on a pound basis in connection with the dried product and these figures I quoted were on a pound basis of the dried product. Converted to a dozen basis the average cost of drying for all grades is roughly 5 cents a dozen. That includes the cost of breaking, drying, part of the packaging cost, full insurance on all shell and dried eggs in his possession, loading and unloading cars, etc.

By The Chairman:

Q. It is the approximate price I was getting at. Do these dryers buy the eggs on the market?—A. No. That is the practice in the States. The Board in Canada buys all the eggs at the board price agreed upon with the Ministry of Food. They in turn are allotted to the different dryers, debited to them at the price which the board paid. The cost of the eggs is substracted from the value of the powder before settlement is made.

By Mr. Blair:

Q. What are the probabilities of these drying plants being of service after the war is over?—A. We hope that they will be continued. We do not feel that dried eggs will replace shell eggs wherever shell eggs can be made available.

Under the new trading conditions, as epitomized in the Atlantic Charter, it is likely that these concentrated foods will be used in many parts of the world to-day not yet developed; and with a product as valuable as this, with air transport developing as it appears to be, we look forward to a continuation of the trade in dried products.

By Mr. Golding:

Q. What is your situation now in regard to your requirements? Are you getting sufficient eggs to meet your requirements, or what is the situation at the present time?—A. From present indications, the 1943 contract will be short about 30 per cent. The minimum contract was 9,000 tons. We have between 6,000 and 7,000 tons in sight. On the domestic market—the demand for eggs has been phenomenal. We believe the production objectives set forth in the dominion-provincial conference last December have been met, but the Canadian people have used them. Eggs have been in free supply on the Canadian market, and with the shortage in other things, the egg industry has enjoyed a volume of sales that was long hoped for but never before realized.

Q. I wonder if you could give us now, Mr. Brown, the production in regard to the last return compared with the production of last year on eggs?—A. I could give it to you at the end of May.

Q. If you could make that comparison we could see where we are. Take the first four months or the first five months of this year compared with the first five months of last year.—A. To the end of May, 951,670 cases.

By the Chairman:

Q. From what date?—A. January 1 to May 31, 1943, 951,670 cases as against 986,334 cases from December 23, 1941 to May 31, 1942. You could take off 8,000 cases in December, leaving 979,000 dozen in 1942 as against 951,000 dozen in 1943. That is 29,000 short to the end of May.

By Mr. Golding:

Q. That is cases?—A. Cases.

Mr. BLAIR: 30-dozen cases.

By the Chairman:

Q. Who was short that much? Was it the general trade?—A. No. The board receipts were down that quantity.

Q. Oh, I see.—A. The egg receipts of the board were up in January, May and April and down in February and March this year as compared with last year. As an indication of what was in the country in the way of production, the board receipts in January, 1943, were 51 per cent over January, 1942. At that time the increased rations from six to twelve ounces on the part of the national defence forces, and the wholesale and retail sales' effort in a domestic way on eggs had not come into effect. We feel that the January figures are proof that the production was in the country until the domestic consumption developed to such a point that it detracted from the export supply. There has been a question all along whether or not more stringent efforts should be applied to eggs in the way of filling the contract. There has been this feeling, however, that with other products under such keen demand for Britain it was good policy to leave one product of the livestock series more or less free to the Canadian people. There are also problems of instituting any rationing system for a ready-made product like eggs. Britain's and Germany's experience with rationing shell eggs has not been very successful.

By Mr. Golding:

Q. Just following that up, the figures that you have given indicate you are not getting as many eggs as you did last year. That is the board. That is not due, is it, to the price factor? Is that a factor in the picture?—A. Price is always a factor but since the board has instituted the practice of having a producers' consultative committee to meet with and advise the board on the contracts there has not been the complaint from the country on price that there was before.

By Mr. McCubbin:

Q. Who are on this producers' committee?—A. Delegates are named from the exporting provinces by the poultry industry committees of those provinces.

By Mr. Blair:

Q. Did the fact that the price control said that hens were to drop 3 cents a pound a month ago cut down the production of eggs?—A. No, I do not think so. It cut down the marketing of fowl.

By Mr. Soper:

Q. What is the average price of eggs to the producer to-day?—A. What part of Canada?

Q. Say eastern Ontario?—A. Around 33 cents, I would say, for A-large.

By the Chairman:

Q. That is the price your board is paying?—A. No, the board price is 35 cents, Montreal.

By Mr. Cruickshank:

Q. That is for grade A?—A. Yes. Five cents less for grade B, 2 cents less than A-large for medium, 8 cents for A-pullets.

By Mr. Mullins:

Q. Would that apply to Quebec also?—A. The price is adjusted on a freight basis against Montreal for all parts of Canada.

By Mr. Cruickshank:

Q. In your experience what has been the average return to the farmer? You say it is 35 cents for grade A now, but there are also grade B and peewee. What would be the average for a flock in your opinion?—A. Do you wish British Columbia for a period?

Q. I should like to know, yes.—A. Vancouver prices for June 18 to producers were 33 to 36 for A-large, 31 to 34 for medium, 27 to 30 for B.

Q. That is not what I was asking. I do not know whether you can give it to me. What I was trying to arrive at was the average return to the farmer. The public in our community buying eggs pays 35 cents a dozen but the farmer does not get 35 cents a dozen for the total output of the flock. You and I know there is grade A, grade B, peewees and cracks, and so on. What I am trying to arrive at is what would be the average return per dozen from an average flock? Do you follow what I mean? They are not all grade A. There is grade B and peewees.—A. Take British Columbia; it will run 85 to 90 per cent A-grade, split between grade A-L and A-medium, about 75 per cent large and 25 per cent medium. That would be around 34 cents to the producer on an average for all weights of grade A.

By Mr. McCubbin:

Q. Explain this to me. How is it that they receive that in British Columbia and we do not receive that in western Ontario?—A. Because two sections of the country, British Columbia and the maritime provinces, have been cents above the board price all year. The Board only got 3,000 cases from British Columbia this year, maybe 4,000 from Prince Edward Island and not a single egg from Nova Scotia or New Brunswick. Their prices have been above board price and as set by domestic demand.

Q. They are not bothering with the contract. They are just looking after the domestic demand?—A. Correct.

By Mr. Rickard:

Q. There is a falling off in February and March. The price was not the same in February and March as it is now?—A. No, it was higher.

Higher now?—A. The board endeavoured to follow the trend of the domestic market with their quotation. It was 37 cents in January, 36 in February, 34 in March and it rose to 35 the latter part of April. It has been 35 cents for A-large at Montreal since.

Q. It seems to me that the feeling of many people was that they were not getting enough for their eggs in February and March at a time when it costs more to produce them and they did not rush the hens the way they would have if the price had been better.

By Mr. Cruickshank:

Q. I should like to revert back to the question I asked before. I will admit it is asking you offhand to give an opinion, but with all due deference I dispute your figures on that. I want to be fair. It is asking you to give an estimate offhand. I will repeat what I am trying to arrive at. A farmer knows he does not get all grade A. The average person who buys eggs pays 35 cents a dozen and he thinks the farmer is getting 35 cents for all his eggs, say from one hundred birds. I dispute your percentage of grade A out of the entire output of the flock. I think you are going to have a far greater percentage of grade B and of pullets, peewees and cracks. We sell our cracks to the restaurants, and I presume they do across Canada. I certainly think your figures are wrong on the percentage out of the production of the flock that is going to be grade A. I do not think it is anything like that percentage.

Mr. GOLDING: I think it would be wise if you would tell them what the consumer does pay.

By Mr. MacDiarmid:

Q. Can they use duck eggs?—A. No, they are not a commercial proposition in Canada.

Q. You are not dehydrating them?—A. No, they are not available commercially.

By Mr. Golding:

Q. Tell them what the consumer paid?—A. The price to consumers at Vancouver, June 18, was 43 cents for A-large, 41 cents for A-medium.

By Mr. Cruickshank:

Q. I guess it is impossible to answer the question. I want to be fair, but you have not given me what I want. I am asking you as a poultry expert for the federal government, the Department of Agriculture, what the percentage would be? Never mind 35 cents or 50 cents. We will say for the sake of

argument you have one hundred birds and we will say for the sake of argument that you get seventy-five eggs a day. I am just using those figures as an example and I am curious what the department's estimate would be as to those seventy-five eggs, how many would be grade A, how many would be grade B, and how many would be mediums. The provincial Department of Agriculture gave us their estimate in British Columbia. I am curious to know.—A. I could answer your question exactly for three months by taking the grading returns from the registered grading stations in British Columbia. I will be glad to file that information with the committee if it is so desired.

The CHAIRMAN: Very well.

By Mr. Tustin:

Q. Yesterday I understood you to say that the products board had been able to turn back to the British Food Ministry $400,000 last year as profit made on eggs, that you had an agreement with them that if there was any profit accumulated you would turn it back to the British Food Ministry. You have told us this morning that in February and March there was a shortage of eggs so that you did not get enough eggs to fill the contracts as you would have liked to have them filled in those months. Could you have filled those contracts if you had taken some of that $400,000 and handed it back to the producers by paying them a cent or two cents a dozen more for eggs? Would it have stimulated prduction? Would it have brought eggs to the board? Instead of handing back the full $400,000 could some of that have been given to the producers?—A. I was out on the prairies in February and early March when it had been thirty below with a high wind, and I do not think there is any price could induce those hens to lay under the conditions to which they were exposed.

As to the surplus from last year it was not available to the special products board in any form. When the Board was asked to make conversion from shell to dried it was also asked to make an estimate of the cost of that conversion. Not having had any experience a generous estimate was made, an estimate generous to the extent of the sum mentioned, and in making that estimate knowing it was high it was agreed in the contract that any unexpended balance would stand to the account of the Ministry of Food. That is why it went back. It was not available for this year.

Mr. WRIGHT: I entirely disagree with Mr. Brown in his statement that nothing would have made the hens lay more on the prairies during the cold weather, because I happen to know if you have a little bit of heat in the henhouse and you are getting a price for the eggs you can make hens lay more in cold weather. I say the price is a definite factor in the amount of eggs produced in western Canada in winter time, and I think that is so right across the dominion, so that I entirely disagree with Mr. Brown's statement that price does not affect the amount of eggs produced.

Mr. TUSTIN: The point I was trying to make was that if per pound we had been a little more generous with the producer it would have helped. We were generous enough to hand back $400,000 to the Ministry of Food. I am not finding any fault with that at all but had we been a little more generous with the producer would it not have stimulated production to a greater extent than it did?

The WITNESS: I stand corrected on that observation, sir. I do believe there is a way in which production can be maintained on the prairies right through the coldest weather, and even without artificial heat. In any contacts made on the prairies at that time that subject was the principal topic of conversation. You recall years ago there was a practice of turning the blower over the poultry house and burying it ten or fifteen feet deep in straw. The only trouble was that

they buried the front as well as the rear and cut off ventilation. If that practice, or something like that, could be continued in moderation and a certain amount of circulation provided for but not enough to detract from the birds' natural heat I am satisfied that January production of the western provinces in 1943 and 1942 can be continued during the months of February and March. It is simply a matter of using the available facilities on the farms to bring about the insulation necessary to protect these birds against wind and cold.

Mr. WRIGHT: I feel that the price is a very determining factor in Saskatchewan as far as production of winter eggs is concerned. I know it is, and I know if the price is such that the farmer feels he is getting a return for his labour there will be more eggs produced out there. Your egg production in Saskatchewan can be doubled by the price factor if the price is sufficient. If there is a need for those eggs I think that there certainly should be a better return to the producer in that area. I should like to ask Mr. Brown what is the price to-day paid by the Board at Saskatoon for grade A eggs?—A. 32·35 for A grade in car lots at Saskatoon, as of this date.

By Mr. Senn:

Q. Am I right in assuming that your board purchases these eggs to the account of the British Ministry of Food; I mean to say, do the eggs belong to you or to the Ministry of Food?—A. They belonged to the British Ministry of Food last year but this year they belong to the board.

The CHAIRMAN: I would like to follow that up just a little. I am slightly confused in my own mind about that price, and I would like you to explain if you could the mechanics of that purchase. I understand that the board buys these eggs at 35 cents a dozen and they then belong to the board. Then the boards negotiations from thereon are in arriving at a drying price and the price of the eggs powdered delivered to the British Ministry of Food.

Mr. SENN: Yes, and I would like Mr. Brown also to enlarge on this: there is a set price paid for the eggs, or for the powder, by the British Ministry of Food. Is that set price arrived at because of the domestic price, or is it a set price which determines that price; who determines it? Is it your department, your board, or is that price set by the British Ministry of Food at the time they take delivery?

The WITNESS: I will answer the first question first, Mr. Chairman. Last year the contract was on a basis of so much a dozen for shell eggs so that when the shell eggs were bought they were the property of the British Ministry of Food. They were their property in all the stages—fresh, storage, frozen, dried, etc.—according to the terms of the contract. This year the contract is for pounds of dried eggs delivered at seaboard, $1.16 a pound in barrels. A treasury sanction is placed to the credit of the Special Products Board in the Bank of Canada to cover a given quantity. In arriving at the $1.16 a pound, last year's spring price of 32 cents was taken as the basis. To this 2 cents was added following to cover the increased cost of feed and labour involved, following conferences with the different consultation groups. This made the base price 34 cents. To that was added the probable cost of shell egg storage, long and short hold, frozen egg storage, transportation, breaking and conversion to powder. Taking converted to a pound basis this makes a total of $1.16.

By Mr. Senn:

Q. In other words, Mr. Brown, it means that this base price of $1.16 for powdered product really sets the price that you pay for the eggs?—A. Yes; but we figure it the other way. We take the price that has been arrived at for shell eggs and then add to that price the costs for the services that I have enumerated.

Mr. SENN: Then your price for the eggs is really 34 cents; that is really made after consultation with the producers' association?

The CHAIRMAN: Yes.

The WITNESS: I might say for your information that that committee is being convened again to meet here in Ottawa on the 12th, 13th and 14th of July to consider the 1944 contract.

By Mr. Senn:

Q. There seems to be a wide discrepancy in between the British Columbia rate, the Ontario rate and the Maritime rate as to what the price should be?—A. There was.

Q. How did you arrive at that?—A. They came together on the Montreal basis in the end.

By Mr. Rickard:

Q. Who are your representatives on this board who set this price?—A. What board?

Q. To set the 34·5 cent price?—A. The personnel of the special products board are Dean Shaw, Mr. Hamer and Mr. Major.

Q. Were there representatives of any poultry organization?—A. There were these consultative committees called together; one representing the producer and one representing the trade. It is a producers' consultative committee that helped to set the price for the ensuing year.

By Mr. Cruickshank:

Q. Where are they from?—A. One from each of the seven exporting provinces in Canada

Q. Are they appointed by the poultry people themselves?—A. Yes. The representative from British Columbia who is coming here two weeks hence is Mr. Heady of Cloverdale.

By Mr. Fair:

Q. Is it by the representatives of the producers in fact that the price is set, or is it just given to them by some other board as an arbitrary price?

The CHAIRMAN: The special products marketing board I suppose has to assume the responsibility for whatever price is agreed upon. I imagine that would be the case, after consultation.

Mr. FAIR: If that is right, is it put on the actual cost of the product or on something recommended by the representatives of the producers; or is it set by some lawyers and bankers who are just out to fix the price of something?

The WITNESS: The 1943 contract is based upon the price recommended by the producers' committee.

By Mr. McCubbin:

Q. Who is the representative from Ontario?—A. Mr. White of Seaforth.

By Mr. Rickard:

Q. Is he a poultry dealer?—A. No, he is a producer.

By Mr. MacKenzie:

Q. Mr. Brown said it was pretty hard to increase production in the prairies when the temperature was 30 below zero and the wind was blowing 60 miles an hour. Mr. Wright says you can do that, and the price is a factor. There is one thing I want to be clear about. If you attempt to increase the production

of eggs during the winter months by lights and by certain stimulating processes, or if you keep them throughout the year on an equal basis, what is the difference in the individual production, cost per hen or per pen; say as between the use of stimuli as compared with the general average throughout the year?—A. You can increase your total production by that means. For instance, there are grading stations in eastern Ontario which get their biggest production in December and January. It does not seem to interfere very much with their spring production. It may when it comes to July and August production.

By Mr. Golding:

Q. Will you tell us your experience after experimenting with your artificial heat at the experimental farm? You have tried that out for quite some time; what was your experience as to that, as to the cost involved?—A. I had with me here yesterday Mr. Robertson, of the Experimental Farm staff, who could have answered that better than I. But, generally speaking, there has not been much publicity concerning the use of artificial heat. The introduction of artificial heating in poultry houses is a ticklish undertaking. It does help sometimes. It appears that if you can get in just enough to take the chill off it does help and it does not interefere with the hatchability later on but if you give them too much heat it is fatal. It is believed that with properly insulated houses and with proper ventilation there is enough animal heat produced in the average flocks to take care of the heat factor without going to the expense and hazard of introducing artificial heat.

Mr. GOLDING: I think you are right.

By Mr. McCubbin:

Q. There is included in that this thought: what is the prospect of the available supply of stimulating feeds, such as these concentrates and so on; what is the prospect as to the available supply say for next fall and winter?—A. Mr. Presant could have answered that better than I when he was here. There is a problem in connection with concentrates and production has suffered somewhat this year as the result; and it may be that we should be getting more eggs right now than we are. Fortunately or unfortunately, the present generation of poultry raisers has grown up with the idea that they must have specially prepared commercial mashes and scratch grains. There is no doubt those methods have been reflected in good hatchability and increased production. Whether the cost justifies the end is another question. In the advertisement which we put out each week in the Egg and Poultry Market Report natural sources of concentrates such as grass milk, meat etc.—there is one here that went out just the other day: grass, the economical feed—15 to 30 per cent of the food requirements for growing birds including the necessary vitamins and proteins can be provided by grass. Now, that ad was not written until high health and nutritional authority in Canada and the United States had expressed themselves before the poultry industry committee of Quebec. We may be fast approaching a new era on the use of home-grown concentrates. It will be a great thing when we come to compete with other countries on the world markets after the war, if we have by necessity found a way to greatly reduce the cost of producing a dozen of eggs.

By Mr. Cruickshank:

Q. Is grading uniform across Canada, as to A and B and the different lower grades?—A. Yes, by federal regulation and further substantiated by enabling legislation in each of the several provinces.

By Mr. Evans:

Q. Can you give us figures on the increased production by provinces since you started your campaign for the production of eggs; say, for the first

three months of 1943 as compared to 1942; or say, in 1942 as compared with 1941? We would like to have that on our record, if you have it. I understand there has been quite an increase in production, especially in the prairie provinces and Ontario. I think we might as well have that if you can give it to us.—A. I have not got it here.

The CHAIRMAN: Well, Mr. Brown, if you would make a note of that question and supply us the information we would appreciate it.

By Mr. Wright:

Q. Mr. Brown has stated that the price at Saskatoon was 32·35.—A. Yes.

Q. What guarantee is there that the producer gets the price based on that price? What I am thinking of is that in certain areas there is only one place for the producer to sell; there is no competition; there are not two or more companies buy. What guarantee is there that the producer gets the price based on the board price at Saskatoon? That company may pay the producer anything it likes, or on some basis of different grading. Is there any guarantee that the price paid reflects the actual price which the producer would be entitled to on the basis of the Saskatoon standard?—A. No, there is no guarantee. Last year there was issued a leaflet, one of a series, which was given very wide distribution. It gave in detail the costs that eggs should normally bear from any point in Canada to seaboard; and that included grading, cases, overhead, etc. But there was nothing but competition to ensure the individual getting the price.

Q. Would there be any practical means of guaranteeing a price to the producer rather than guaranteeing a price at the driers?—A. The trouble is that so far as the Special Products Board is concerned we only have to do with export, and there is only about 15 per cent of the total product that goes into export. The domestic market in the egg business is still the principal determining factor in price.

By Mr. Leger:

Q. Is there a floor price on eggs?—A. The board price is the floor price; that is the point beyond which eggs need not go below in Canada. The Board at present stands ready to take all eggs offered at that price.

By Mr. Mullins:

Q. In my section of the country, the eastern townships of Quebec, we have the egg grading stations located in cheese factories and stores. We have been receiving many complaints that the farmers are not getting proper service; that is, the farmer brings in these eggs to-day and these people are too busy and they will set them aside, and sometimes they are there two or three days before being graded. Naturally the farmer does not get the price he should for his eggs because they have gone down in quality. Is there anything being done about that or are these stations supposed to be equipped with refrigeration, or can they handle the eggs in any way they see fit, or how is it proposed to be operated. They are only starting this service in my section and I have complaints; therefore I was wondering if it could be improved in any way?—A. The regulations provide that a registered grading station shall be equipped in a certain specific manner: one of the specifications is it shall provide a temperature of 65 degrees or less in which to grade and hold the eggs. The practice you mention is not good practice. They should make their returns as quickly as possible, and if you will care to to give me the name of the territory to which you refer we will have it investigated and checked.

Q. I would prefer you to look into it and make a report.

The CHAIRMAN: I should like to ask you a question in that regard, too. I have been given to understand, particularly in the province of Manitoba, some changes have been made with respect not to the egg-grading regulations but to the method of handling or that probably you had established through licensing or otherwise certain stations in the different parts of the province to handle the eggs rather than have them go through the retail stores and things of that character. Can you say a word with respect to what is being done in that regard?

The WITNESS: There has been no major change in the federal egg-grading regulations since they were amended the last time, four or five years ago.

The CHAIRMAN: Just changes in Provincial legislation.

The WITNESS: Yes. Up to last fall everyone in Manitoba who was engaged in interprovincial trade was a registered grading station. At that time, however, the province put into effect enabling legislation, whereby all eggs marketed in Manitoba were required to go through registered grading stations.

By the Chairman:

Q. Is that same policy applicable throughout Canada?—A. It is in effect in all provinces now. Manitoba was one of the last to come in line. Alberta and Manitoba came in together. Now, that does not preclude the merchant from receiving eggs, but the regulations require that where these eggs are graded certain grading facilities, temperature control, and other things, must be provided; that the merchant may take the eggs in from the farmer and identify them through to the grading station for grading, but he cannot grade them and put them up as graded products unless he is qualified as a registered station.

By Mr. Senn:

Q. Can the producer himself grade his own eggs and sell them on grade?—A. Yes.

Q. And there is nothing to prevent him?—A. On a public market or on a city route and the like. When he takes on the function of a retailer or wholesaler he must grade his eggs.

By Mr. Soper:

Q. He cannot sell to the local store?—A. The local store can take delivery, but he can only make an advance payment on them. They must be passed on to the grading station to be graded and the store must have the grading returns back before he makes final settlement.

Q. If the farmer graded the eggs before he brought them to the store, would the storekeeper have to pass them on to the grading station?

By Mr. Rickard:

Q. Would not the farmer in that case be responsible for the grading of the eggs?

Mr. SENN: Yes.

The WITNESS: He has to identify them. When the producer grades them, he has to identify them on his container with the name and address so they can be followed through.

By Mr. Golding:

Q. What is allowed at the grading station for the grading?

The CHAIRMAN: The farmer's grade may not hold out, what check would you have on him there?

The WITNESS: I did not tell Mr. Soper their eggs might be put under detention.

Mr. SENN: The grading station certificate may not be sound either.

By Mr. Golding:

Q. What is allowed to the egg-grading station for the grading of those eggs? —A. There is no statutory allowance, the customary charge is 1 cent a dozen for grading.

Mr. MULLINS: There is nothing to prevent the egg-grading station—

By Mr. Wright:

Q. I should like to ask a question once in a while. Mr. Brown, with regard to egg grading in Saskatchewan,—I understand that all eggs are graded at government grading stations? Or do the firms themselves do their own grading?—A. No, there is no government grading station, there they are licensed or registered private and co-operative stations.

Q. And the firms do their own grading?—A. Yes.

Q. Is there any check as to how many grade A eggs they pay the farmers for and how many grade A eggs they are paid for, and how many grade B eggs they pay the farmer and how many they are paid for, and how many eggs in the other grades?—A. Yes, the grading station must keep a copy of the grading statement and he furnishes one to the producer or other shipper. The inspectors make regular visits to grading stations, sometimes they are there two or three times a week if it is a car lot shipping point, and they check the bench grading of the graders; the foreman grader in the establishment is virtually a certified grader. We do not issue him a certificate, but we test his knowledge of eggs repeatedly and hold him responsible for the grading of the rest of the staff.

Mr. SENN: But there is not a thorough—

By Mr. Wright:

Q. Has the producer the right to go into the station in which his eggs are being graded and get the number of grade A eggs that the station is paid for and the number that they have sold?—A. Do you mean if the—

Q. Has the producer in the district the right to get that information?—A. Each producer is handed back with his payment the grading on his eggs; that is required now. To inquire into the private business of the total turnover of that station might be another matter.

Mr. SENN: It is not done.

By Mr. Wright:

Q. It seems to me it is the only check the producers have as to whether they are getting the right grade for their eggs or not. It seems to me they should have a comparison with what that station is doing, how much they are paying, how many grade A dozens they are buying and how many grade A dozens they are selling. Until the producers have that right they have no guarantee that they are not being gypped as far as the grading of their eggs is concerned.

Mr. MCCUBBIN: You have to put a certain amount of trust into the men you are dealing with.

The WITNESS: In Saskatchewan the grading of 1942 was made the subject of a very exhaustive study by certain members of the economic group and the officers of the provincial and Dominion poultry divisions. Each section of the province was divided, given a different area designation, and station by station, area by area, the information obtained was made the foundation for the improved

production campaign in that province last year, and this so that the stations to which you refer would have come under review in the study that was made this past spring.

Mr. WRIGHT: It seems to me there should be some legislation which would compel grading stations to publish their figures as to the number they have bought and the number they have sold of a certain grade; the publishing of those figures would certainly satisfy the producers and if they are graded there should be no reason why the station should not be permitted to publish them. These figures should be checked. The producers in western Canada now are very dissatisfied in certain sections in regard to grading. I think the publishing of these figures by the registered stations should be made compulsory.

Mr. FAIR: I want to support Mr. Wright, because I was going to take up that very question before the meeting adjourned. Looking back over a number of years I know that the wheat growers have had trouble in finding out just what the grades on disposal of wheat were of any particular company or of the wheat purchasers as a whole; and up to the present time we have never been able to find out just what the returns of some of the companies were, particularly after the grades of the terminal elevators were included. I do know that the producers of eggs have to go through exactly the same procedure as we have had to go through. I have had a number of complaints in connection with the grading of eggs in my particular part of the country; and until something is done they will continue. I do not know just what the procedure should be, but perhaps something as suggested by Mr. Wright might be instituted which would bring some greater return to the producers of eggs who are, after all, the main group with which we should be concerned. I think the processors and others have seen to it at all times that their profits have been adequately taken care of, regardless of the loss or profit of the producers who, after all, are the main ones to be considered.

Mr. BLAIR: Mr. Chairman, these men are asking for private business affairs. I do not think it is possible to give that, in justice to the grader. I think if you are not satisfied with the grade you are getting on your eggs, you could take them to another grading station.

Mr. WRIGHT: There is no other one to take them to. You cannot do that. There is only one station for your point.

Mr. BLAIR: I would expect that you would have another grading station not far away where you could take your eggs, or you could grade your eggs at home, or you could stand beside the grader and see your eggs being graded. The farmers in our district do that. There is nothing to prevent you from doing it. They stand by the grader and say, "Why do you put that egg here?" or "Why do you put that egg there?" It is an easy matter to see that your eggs are graded properly. You do not need to expect any grader to lay all his business open to the public view, and the egg grader from the district would not abide by such a decision.

Mr. FAIR: They say that a little learning is a dangerous thing. Drink deep or taste not the Pierian spring. The experts in other lines seem to know far more about the business of the egg producers than those who are doing the producing. So I suggest that we take in Canada-wide territory rather than something within the bounds of what one might call a quarter-section in the west.

The CHAIRMAN: In connection with the observations of both Mr. Wright and Mr. Fair, may I say that I think there is a point there undoubtedly that would mean considerable to the producers of eggs. Looking at my own district, we have a co-operative there that handles all the eggs of the community, and of course grades them. What you are really wanting to get at is how accurate their grading is out of the grading station as against the eggs when they grade coming in.

Mr. FAIR: I am not worrying about the co-operatives at all, because if there is any error in the grade, it goes back to the people that produce anyway.

The CHAIRMAN: I was not thinking about it from that standpoint only. I was thinking about it from the actual check on the grades of eggs that are coming to that particular station. If that can be done, I think there is some merit in the suggestion.

Mr. FAIR: That is what we are trying to get at.

By Mr. Leger:

Q. Mr. Brown, in some districts your field man does check up every month or every two months?—A. Right.

Q. He compares the slip which is retained by the egg station from the producer and also his report when he makes his sale. In that way I believe there is a check. I do not know if that is done in the prairie provinces, but in New Brunswick, in some districts it is.—A. That is correct. That is the method that is followed.

Q. Is the same thing done out west?—A. Yes, it is.

Q. Then I think they have a check there.

By Mr. Rickard:

Q. They cannot check them all.—A. They do not check every producer's lot. A sample is drawn during visits.

The CHAIRMAN: The handling of eggs is a pretty delicate process, and you would not want to handle them over again to grade them. What you are wanting to get is the out-turned grade as against the grade that is coming in.

Mr. WRIGHT: That is exactly what we are anxious to get.

By the Chairman:

Q. I thought perhaps that is what this new development in our province was for this year; if you were concentrating the grading in fewer hands, it could be more easily checked.—A. No. The real purpose of the change, for instance in Manitoba, was this: to have the eggs graded once and properly done.

Q. Yes?—A. So they would move on through the various trade channels without requiring additional expense of further grading. The grading of eggs, except for a few stations, has practically ceased in many of the larger centres, especially in the east because the grading at country points is so well done that the product moves through wholesale and retail channels and out to the consumer without material change in grade.

By Mr. Leger:

Q. Mr. Brown, have you egg circles all through Canada or just in New Brunswick?—A. They are not known as egg circles now as they used to be. There will be local units of provincial co-operatives—the same principle, but mostly with their own grading stations.

Q. The egg circles in some districts bring their eggs to the egg grading station. Is that law in effect all through Canada?—A. Yes.

Q. Is it being imposed all through Canada?—A. Yes. There are areas—deficiency producing areas—where there are not sufficient eggs to be commercially significant. It is more difficult to administer the egg regulations there than where they are in volume production.

By Mr. MacDiarmid:

Q. May I ask Mr. Brown what qualifications these egg graders have. In the first place, do you give them a certificate? What is their age? How old have they to be before they are graders? May I mention something that

happened down in my constituency. These people have been in the poultry business for quite a few years, and run a general store besides. They handle quite a few eggs, and they wanted a grading station there. I wrote to the department and they told me that they did not have enough eggs there to warrant it. Yet they got a fellow from twenty miles away to go out and start a grading station in opposition to the local one which had built up this trade. Have we any redress from that? Who are the graders? What qualifications have they? Do they get a certificate? How old are they? Do they know their business? Who appoints these graders?—A. The graders are the employees of the station owner. No certificates are issued at the present time to graders. The foreman of a station, however, is held responsible by the inspector for the grading that is done under him, and that foreman is given tests from time to time to see whether or not he is retaining his competence. Furthermore, in different parts of the country, by arrangement, grading schools have been held at frequent intervals and the station owners invited to attend—where possible these schools are held in the evening—where instruction is given and tests made of all graders who wish to submit themselves for tests. They were given a rating, not a certificate, and told where they stand. So that there is a steady, continuous check-up and instruction of egg graders across Canada.

Q. The foreman is responsible for these graders, if it is a boy thirteen or fourteen, and if that boy does the grading all right. The foreman does not get a certificate?—A. No. No certificates have been issued. The transient class that offer their services as egg graders in some centres are not just—you would hesitate about giving them a government certificate. We check them from time to time. We would not want them to go out and abuse that. We have drawn the line in issuing them certificates. We would rather retain the responsibility of checking them without certificates.

Mr. SENN: How many inspectors have you?

Mr. MACDIARMID: I know of merchants down there to whom some of these people with a few hens go. They may take half a dozen eggs, and they may want molasses or sugar. The merchant cannot take this half dozen eggs from these poor people who just have a few hens. As they do not use this surplus of eggs they go up to the store with half a dozen eggs. I remember years ago one fellow used to take two eggs and give them to the postmaster because he had no money. These merchants are cut out from buying any of these eggs from these poor people. There are not enough to take up to the grading station. It is a hardship.—A. Any merchant may still continue to be a receiving point for eggs. He turns them on to the grading station. Unless he is qualified and has proper facilities he is not given a permit to run a grading station.

By Mr. Mullins:

Q. Can he retail them out to his customers after having received them or does he have to take them into a grading station?—A. Legally, no, but in outlying points the inspector has not gone around too often.

Q. There is no way of encouraging these egg grading stations? I find in my section of the country that we have difficulty in getting anybody to take this job. What the egg grading station receives is the profit they make on the eggs? They do not get anything else? There is no encouragement whatever for an egg grading station to do this work?—A. None that I know of.

Q. They do not get anything at all from the department?—A. No, there is no financial assistance.

Q. They receive the profit they make on the eggs?—A. Yes.

Q. Therefore an egg grading station can buy eggs at the price it likes to pay, what they wish to pay, and the farmer has to take it?—A. It is a free trading proposition.

By Mr. Senn:

Q. Have you any set fee that a grading station may charge?—A. There is no legal fee stated. It does vary a little. I said a cent a dozen. That is the customary charge where there is a big volume turned over. A gentleman over here mentioned that in his territory they usually charge 2 cents. It may be due to the volume. They may only have forty or fifty cases a week, not enough to keep a candler going, and the charge might be higher than when he would have a full week's employment.

Q. I was going to ask you a question as to how many inspectors you have over the dominion?—A. Somewhere in the neighbourhood of eighty poultry products inspectors.

Q. Are they sufficient to properly supervise the whole trade? I mean to say, it is divided into districts, I understand, and an inspector or two have charge of a district. Are there districts too large so that they cannot properly supervise the grading in these different districts?—A. There are times in the spring of the year when the rush of car lot inspection is on when it is difficult to continue as fully as we would like the steady review of the work in individual grading stations. Coming along to this time of the year the men are freer and their work changes. They will be in the country visiting the stations now.

By the Chairman:

Q. Just on that point you mentioned car lot inspection. Would you tell the committee what you mean by car lot inspection?—A. No eggs move in Canada interprovincially in lots of fifty cases or more unless under inspection, and the trade has developed to the point where all car lots and the majority of commercial transactions pass under inspection. There are different schedules of fees for different types of inspection.

Q. If a co-operative shipped a carload of eggs from a station you would have car lot inspection on that when it arrived at its destination?—A. No, all inspections are made at shipping points, not at destination. That has been a cardinal principle in egg grading from the start. We felt that to get the grading right at the shipping point and keep it right was a first essential.

Q. Does your inspector go out there to check that carload before it leaves?—A. He does.

Q. Does he draw out a certain number of cases from the car and inspect those?—A. Yes, 5 per cent in half cases is the minimum sample, but in view of the fact that in most car lots a number of grading stations have contributed the number which he draws is much greater than the minimum.

By Mr. Wright:

Q. Mr. Brown has just stated that these inspectors are not able to do a thorough job during the rush months in the spring of the year. That is the time when the grades of eggs are complained about mostly by the farmers because that is the time when they are bringing in a lot of eggs and they feel they are not getting their rights. I do not know whether they are or not. I am not saying whether they are or not but these egg grading stations are all registered by the government, and it seems to me that the government when they register these stations should see that these stations publish returns on the output. If they did that it would certainly stop all this discussion. That is all that would be necessary. If these returns were published the producers would have some assurance. It seems to me that is one thing that should be done.—A. I said that these returns are not published. I think it was in March or April there was an addition to the regulations that required all grading stations to make returns weekly of the volume handled and their grading. We publish in the market report each week a column of egg receipts. It does not give the grades

at present. For instance, British Columbia reads seventy-eight stations report 7,327 cases for the week ending June 12, and 7,592 for the previous week. That information is coming into the department now but is not published in the form that you request.

Q. I think it should be published. It should be published from the individual stations so that the producers in that area could see what they were getting and see what the stations were getting. It would stop a lot of dissatisfaction in the country and I am sure would help to increase production which we need at this time. It would be perfectly fair to the station. If there is no dishonesty there would be no reason why they should not publish the figures. There is no reason why the producer should not have that assurance. I for one would certainly like to see that placed in the regulations.

By Mr. Cruickshank:

Q. Are there any inspectors in British Columbia?—A. Yes.

Q. Have you any idea how many?—A. Five. We drew on some of them to work on the prairies this spring though.

Q. I thought they were missing because they were not inspecting in British Columbia, so I know where they are now. We have exactly the same complaint, and I imagine every district has. We get hooked. We are hooked on our grades. Could we not have some assurance as to how often the inspector would be in to each plant? If he is going to be in once every two weeks or once every month some of these big firms can retire to Florida in two weeks.—A. Since British Columbia passed out of the export picture the staff has had a lot more time to devote to station practice than they had when that province was shipping in car lot quantities, and I would venture to say that you are getting a pretty good check-up on the average on the grading stations in British Columbia.

Q. It does not show it.

Mr. LECLERC: We seem to be spending quite a lot of time discussing grading. May I say that when it comes to grading, either grading eggs or grading cream or testing cream, there is no man living who will ever give satisfaction to the farmers. I defy anybody here or anywhere in Canada to find a creamery or co-operative that can satisfy the people on the grading of cream and testing cream. I think that applies to the grading of eggs the same as to the grading of cream. There is the same difficulty. There is no man alive who can satisfy the people.

By the Chairman:

Q. I was going to ask, has the grading of eggs stood up so far as this powdered egg business is concerned? In other words, are A and B grade eggs of sufficiently high quality that they are satisfactory for this product? Do you experience any difficulty with respect to the principle of grading and maintaining the quality of this product?—A. In our contracts with the officials of the British Ministry of Food we have been able to establish the same confidence that was created among the private importers in Britain. The fine quality that Canada has given them has come about as a result of 25 years of grading shell eggs in this country, the experience, the knowledge and the ability to maintain these grades. You will recall that in my remarks yesterday I told you the story of the difficulty in arranging terms of payment with British Treasury officials, where the British importers for 15 years before the war were willing to pay their money at a shipping point in Canada on delivery of the through bill of lading accompanied by certificate of inspection; this was an achievement in salesmanship based on grading, something not obtained in any other agricultural product—

The CHAIRMAN: I think wheat will come in there.

The WITNESS: Growing out of the confidence established in this system of grading.

By Mr. Wright:

Q. I do not want to interrupt you; I just rose to make sure what I have said will not be taken as indicating that I am in any way opposed to the grading of farm products. I think it is one of the most important things we have.

The CHAIRMAN: It has really built up the market for eggs.

Mr. WRIGHT: Of course, one result of this grading has meant that your market has been increased; but I still claim that it could be improved upon and I think that should be done.

By Mr. Senn:

Q. I fully agree with what Mr. Wright has said, that the system of grading eggs has done very much to make better conditions all through and it has increased the production of eggs to a large extent. However, I think a good part of that is due to the operation of egg candling. I think that also has been a good thing. Now, I wanted to ask Mr. Brown one question just here: I have heard it said through the country in a good many instances that the right way to handle eggs is to have them candled and then sell them by weight, and if that were done there would be no confusion about the wrong grading of eggs or anything of that kind, as long as they were fresh. Would a view of that kind be practicable if it were possible to have it brought about?—A. Yes, eggs could be sold by weight within the grade, and it has been suggested on many occasions. I do not think the pressure of public opinion has risen to the point as yet to warrant a change in the way of regulations.

The CHAIRMAN: You would have eggs selling at so much per pound rather than so much per dozen.

Mr. SENN: Yes, it could be done both for fresh and storage; you could sell them by the pound.

The WITNESS: There is one thing I would like to contribute to this thought: the introduction of the automatic weighing machines in conjunction with grading has done a very great deal to prove to the producers that they are getting a fair deal. I think the psychological effect of the introduction of that automatic weighing machine for eggs has been of more value than anything brought about in the weighing of the eggs themselves.

Mr. SENN: I had a gentleman make a comparison the other day. He said that sometimes we laugh at our British friends for keeping this whole system of pounds, shillings and pence in their monetary system which is so cumbersome and so hard to figure quickly and all the rest of it. He said that the grading of eggs under our present system is just as antiquated as the British system of currency in comparison with the decimal system. And now, it seems to me it would be simpler, once it was established, for the farmer to take his eggs in and sell them by the pound; and if he did that I do not think there would be any difficulty or any question about the grade that he gets for them.

The CHAIRMAN: You have a standard weight for Grade A eggs, haven't you?

The WITNESS: Yes.

Mr. BLAIR: It would add a great deal to the work of the grading stations because of the involved classification it would take. It would be expensive to grade and weigh to determine the quality. My own view is that we have a lot of eggs that will run 22 ounces to the dozen, others that will go 24 ounces and others that will go 26 ounces, and I think there are places like the Royal York which would provide a market for the oversize eggs—what the trade knows as jumbos. As things stand in this country we do not get anything extra for the jumbos, and some of them may be almost twice the size of the egg called for by the official standards. You know the usual practice. These eggs are selected by the dealers, and they find a ready market in such places as the Royal York

hotel where they want eggs of a specially large size and particularly white shell eggs, eggs of the 25 and 26-ounce type. As I say, the farmer does not get anything extra for that large egg; he just gets the grade A large price. There is considerable argument about what Mr. Senn has been saying. Another case where it applies is where you bring your cattle into the stockmarket and they are being handled on a basis of an average of a thousand pounds a head. You may have one animal that would go 1100 pounds but you just say to the buyer forget about that and we will let them all go as thousand pound steers. Again, say you have a 22-ounce egg run and you happen to have a couple of 23-ounce eggs in that dozen, you do not get anything more for a 23-ounce egg. It just falls naturally into the 22-ounce grade. I think the point raised by Mr. Senn in his argument is well taken, and I support it, that you grade according to quality and freshness and then that you sell by weight. At the same time, I appreciate that you are going to add considerably to the amount of work required at a grading station; but I think the net result of the thing would be an absolutely square deal to the farmer, and I think it should be done.

The WITNESS: Mr. Chairman, somewhere there is a limit. In some cases eggs do weigh in dozen lots up to as high as 32 ounces a dozen. The standard grade A large is 24 ounces. There are lots of eggs that would run 26 ounces to the dozen. It is true that they are not being recognized as large; but if you were to attempt to establish a premium system for oversized eggs, I do not think it would stop at 32 ounce. Then, there is a relation between the size and productiveness—numbers and hatchability.

Mr. MCCUBBIN: That is right.

The WITNESS: Generally speaking Britain had a 19, 17 and a 15 pound schedule for years; but we never felt that the market paid a sufficient premium for the extra weight to warrant those larger weights being separated and packed separately. The heavier weights require larger cases and packing material.

Mr. FAIR: I wonder if Mr. Brown would place on the record the names of the representative of the producers in each of the provinces whom they have on these advisory committees?

Mr. CHAIRMAN: Yes, I was going to ask him to supply the committee with that information.

Mr. FAIR: And I would also like to get the base price for the grade A large in each of the provinces; and I also would like to have the number of drying plants that are co-operatively owned in each of the provinces, and the others as well.

By Mr. Henderson:

Q. Could we have information with regard to the number that are privately owned and if they have been assisted by the government in any way, either financially or through the purchase of machinery?—A. The only drying plant that would take on a co-operative aspect would be the one in Edmonton, Alberta, the Alberta Marketing Board plant, which is really a child of the Department of Trade and Industry of that province. The others are all privately owned. Two of the original plants and the two dairy plants have not received assistance. Those that have received assistance are the new plants, the Swift plant in Toronto, the Borden plant in Winnipeg, and the Canada Egg Company plant in Saskatoon, the Alberta Marketing Board plant in Edmonton and the Burns & Co. of Calgary.

There has been no government money put in any of those plants, the form of assistance has been the same as for war industries, a write-off against equipment for a period, and buildings for a different period, and a settlement at the end of the war, should such be necessary.

Q. That is because of the uncertainty of the plants being of any use after the war is over?—A. Yes.

By Mr. Blair:

Q. Do you ever approve of 24-ounce eggs being sold for hatchability or do you approve of the 22-ounce eggs being sold for hatchability?—A. The standard for hatching eggs provided under the hatchery approval regulations provides that nothing under 23 ounces shall be set in an approved hatchery. It has been the private practice, on the part of some hatcheries, to advertise a brand of super chicks from 27-ounce eggs and up. This is a private matter and there is doubt whether it has been an advantage to the Canadian poultry industry.

The names of the delegates?

Mr. FAIR: Delegates.

The WITNESS: Those of the committee who are coming here now to consider this 1944 contract?

Mr. FAIR: Yes.

The WITNESS: Mr. Heady of Cloverdale, British Columbia.

By the Chairman:

Q. Official position?—A. Mr. Heady, I think, is chairman of the Government Relations Committee of the Poultry Industry Committee of British Columbia.

The CHAIRMAN: We can prepare this statement and include it in the record.

Mr. FAIR: That will be all right. Also, the base price in each province as well.

The CHAIRMAN: That can be included in the record as well.

The WITNESS: The special products price in each province.

By Mr. Furniss:

Q. Mr. Brown, can you tell us what percentage of egg-grading stations are operated by large produce concerns and what percentage are operated by individuals?—A. I could not give that offhand, but I can get you that information; the largest proportion are operated by private companies and co-operatives.

Q. There has been a feeling among the farmers that egg-grading regulations had a tendency to turn the business into the hands of the large produce merchants.—A. No.

The CHAIRMAN: Gentlemen, you will have to speak up so the reporters at the table can get what is being said.

Mr. WARD: I should like to point this out, that judging from the experience in my own district the moral of all this discussion this morning, or 80 per cent of it, would be the establishment of co-operatives. In my own district practically all eggs are handled through co-operative stations and I never hear a word of complaint.

The CHAIRMAN: I think I can say the same in our town.

Mr. WARD: It is all foreign to me.

Mr. MCCUBBIN: The stations in our district are private industries and we have no trouble.

Mr. CRUICKSHANK: About grading?

Mr. MCCUBBIN: No, not a thing.

By Mr. Ross (Middlesex East):

Q. In what region are the purchase, handling and disposal of eggs by weight carried on to any extent? It has been said it would require much pressure of public opinion to put it into vogue in Canada. For instance, is it not the uniform method in some states of the American union?—A. No.

Q. Where is it carried on?—A. There is no place on this continent.

Q. It is in England, is it not?—A. Yes, in a wholesale way commercially; Dutch and Danish eggs were sold as 19, 17, 15 lbs. etc. per 10 dozen.

As a rule, when eggs are sold at retail in the British store, it is so much apiece—a penny or a penny and a half apiece and so on.

Q. Yes.—A. So that you do not see it reflected through to the consumer.

Q. Is there any area that you know of from which the information could be obtained, where eggs are purchased by weight, where they are candled and sold by weight, both retail and wholesale?

The CHAIRMAN: I am afraid Mr. Brown would have to say that it would be more difficult to change from selling eggs by the dozen to the poundage basis as it was to change from selling bananas by the dozen.

By Mr. Ross:

Q. Mr. Brown admitted a moment ago that he saw merit in it, and that the only thing that held us back from doing it in Canada was there was not enough presure of public opinion behind it. That is what it seemed to me.—A. I did not mean to say there was merit in it but rather to say that it was not impracticable of attainment.

Q. Oh, I am sorry. I thought you used the "merit".

Mr. CRUICKSHANK: Is it not correct that we tried to do it in British Columbia some years ago? We tried to sell eggs by weight in British Columbia some years ago, and we found that the pressure came against it from the large corporations that were buying eggs, because they could make their pound of flesh so much better in the grading.

Mr. GOLDING: Oh, forget it.

Mr. CRUICKSHANK: Forget it nothing. I am speaking for British Columbia. You speak for that little part of Ontario that you come from. This is the public opinion of British Columbia and we want to settle the thing. Although my friend may not know it, the enlightened provinces sell them by the pound and not by the dozen.

The CHAIRMAN: Gentlemen, it is 1 o'clock. We have had a pretty good discussion here this morning, and I am sure the committee is very grateful to Mr. Brown. I do not know whether there are other questions the committee would like to ask him or follow up with him. If there are, he will no doubt be available again, if it is found necessary to invite him back. I was just asking him on the side here regarding the egg-drying station in Ottawa. He tells me that he would be very glad to arrange a visit, so that any group of members of this committee who would like to do so, could see that.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: If the members would like to see it, I am sure that a visit to that egg-drying plant could be arranged.

The WITNESS: Preferably this week.

The CHAIRMAN: Mr. Brown says preferably this week.

Mr. LEGER: Carried.

The CHAIRMAN: Had you a question, Mr. Fair?

Mr. FAIR: I was wondering if we could get copies of the egg-grading regulations for the committee. Would that be possible?

The CHAIRMAN: There are plenty of copies of the egg-grading regulations. Mr. Brown will see that you get a copy, and any other member of the committee who may wish to have one.

What is your pleasure with regard to meeting tomorrow?

Mr. BLAIR: I move that we adjourn until tomorrow.

The CHAIRMAN: Mr. Singleton will likely be the witness tomorrow morning.

The committee adjourned at 1 o'clock p.m. to meet again on June 24 at 11 a.m.

APPENDIX

The following statements requested by the Committee, were filed with the Clerk by Mr. Brown.

Producers Consultative Committee—1942

Representatives from:—

British Columbia—Clem Willingale, R. R. #3, Cloverdale, B.C.

Alberta—T. Hughes, Provost, Alberta.

Saskatchewan—John Cochran, 114 Ominica St., Moose Jaw, Sask.

Manitoba—Mrs. W. Allen, Eriksdale, Man.

Ontario—W. L. Whyte, Holm Farm, Seaforth, Ontario.

Quebec—R. Thomson, St. Paul d'Abbotsford, P.Q.

Maritime Provinces—Donald Macdonald, Glenfinnan, Prince Edward Island.

Producers Consultative Committee—1943

Representatives from:—

British Columbia—C. Headey, R. R. #3, Cloverdale, B.C.

Alberta—Mrs. W. Huyck, Strome, Alberta.

Saskatchewan—A. Freeston, Stonehenge, Saskatchewan.

Manitoba—Mrs. W. Allen, Eriksdale, Manitoba.

Ontario—W. L. Whyte, Holm Farm, Seaforth, Ontario.

Quebec—R. Thomson, St. Paul d'Abbotsford, P.Q.

Maritime Provinces—Donald Macdonald, Glenfinnan, Prince Edward Island.

Special Products Board Egg Price List Still in Effect

April 17th, 1943.

Subject—Shell Egg Buying Prices Effective April 19th, 1943, until further notice.

Reference—No. 63.

The schedule of prices which the Special Products Board will pay for shell eggs in carlots under the 1943 dried egg contract with the British Ministry of Food effective April 19th, 1943, until further notice, is attached.

W. A. BROWN,
Manager, Poultry Products Section.

SPECIAL PRODUCTS BOARD

Ottawa, April 16, 1943.

Revised Schedule of Buying Prices for Car Lots of Shell Eggs, Effective April 19, 1943.

EASTERN CANADA

NOTE:—The prices listed below are for Grade A Large. The price for Grade A Medium will be 2 cents below A Large; Grade B 5 cents below A Large; Grade A Pullets 8 cents below A Large.

Originating Point	Basic Price	Delivered Price					
		London	Hamilton	Toronto	Lindsay	Trenton	Ottawa
Barrie	34·00	.....	.....	34·54	34·60	.....	.....
Belleville	34·00	.....	.....	.....	.....	34·28	.....
Brantford	33·75	.....	34·08	34·26	.....	34·60	34·79
Charlottetown	34·60	.....	.....	.....	.....	.....	35·68
Clinton	33·75	34·26	34·39	34·45	.....	34·73	34·93
Finch	34·25	.....	.....	.....	.....	.....	34·76
Forest	33·75	34·29	34·43	34·52	34·73	34·75	34·96
Halifax	35·00	.....	.....	.....	.....	.....	36·08
Hamilton	33·75	.....	33·85	34·19	.....	34·52	34·73
Hanover	33·75	34·39	34·43	34·43	.....	34·73	34·93
Harriston	33·75	34·35	34·39	34·39	34·60	34·62	34·86
Joliette	34·50	.....	.....	.....	.....	.....	35·38
London	33·75	33·85	.....	34·43	.....	34·68	34·90
Lindsay	34·00	.....	.....	34·54	34·10	34·60	34·85
Melbourne	33·75	34·11	.....	34·45	.....	34·73	34·93
Mitchell	33·75	34·22	.....	34·43	34·63	34·68	34·90
Montreal	35·00	.....	.....	.....	.....	.....	35·68
Ottawa	34·25	.....	.....	.....	.....	.....	34·35
Parkhill	33·75	34·26	34·39	34·45	34·68	34·73	34·93
Perth	34·25	.....	.....	.....	.....	34·89	34·76
Peterboro	34·00	.....	.....	.....	34·33	34·54	34·80
Quebec	34·25	.....	.....	.....	.....	.....	35·18
Ridgetown	33·75	34·26	34·45	34·52	.....	34·75	34·96
Shelburne	33·75	.....	.....	34·29	34·55	34·60	34·79
Sherbrooke	34·25	.....	.....	.....	.....	.....	35·13
Simcoe	33·75	.....	34·12	34·39	.....	34·62	34·86
Stratford	33·75	34·19	34·29	34·39	.....	34·62	34·86
St. John	35·00	.....	.....	.....	.....	.....	36·08
St. Marys	33·75	34·08	34·35	34·39	34·63	34·68	34·90
Thamesville	33·75	34·21	.....	34·52	.....	34·75	34·96
Toronto	34·00	.....	.....	34·10	.....	.....	.....
Trenton	34·00	.....	.....	.....	34·60	34·10	.....
Woodstock	33·75	34·11	34·12	34·39	.....	34·63	34·86
Walkerton	33·75	34·39	.....	34·43	.....	34·73	34·92
Windsor	33·75	34·43	.....	34·55	.....	34·75	34·96

SPECIAL PRODUCTS BOARD

Ottawa, April 16, 1943.

Revised Schedule of Buying Prices for Car Lots of Shell Eggs, Effective April 19, 1943.

WESTERN CANADA

NOTE: The prices listed below are for Grade A Large. The price for Grade A Medium will be 2 cents below A Large; Grade B 5 cents below A Large; Grade A Pullets 8 cents below A Large.

Originating Point	Basic Price	Delivered Price			
		Winnipeg	Saskatoon	Calgary	Edmonton
Alix	32·00			32·65	32·56
Assiniboia	32·25	33·59	33·29		
Brandon	32·50	33·20			
Buchanan	32·25	33·31	33·03		
Calgary	32·00			32·10	
Canora	32·50	33·54	33·37		
Dauphin	32·50	33·28			
Edmonton	32·00				32·10
Estevan	32·50	33·54			
Ft. Williams	33·25	34·54			
Humboldt	32·25	33·59	32·75		
Kamsack	32·50	33·48	33·37		
Kerrobert	32·00		32·72		
Kipling	32·50	33·49			
Lethbridge	32·00			32·56	
Melfort	32·25	33·65	32·86		
Melville	32·50	33·48	33·37		
Moose Jaw	32·34	33·60	33·12		
Neepawa	32·50	33·12			
N. Battleford	32·00		32·56		
Oxbow	32·50	33·43			
Preeceville	32·25	33·37	33·12		
Prince Albert	32·25		32·79		
Red Deer	32·00			32·56	32·56
Regina	32·41	33·58	33·13		
Rosthern	32·25		32·59		
Swift Current	32·25	33·76	33·37		
Tisdale	32·25	33·59	32·98		
Vancouver	31·50			33·60	33·60
Weyburn	32·50	33·56	33·43		
Winnipeg	33·00	33·10			
Yorkton	32·50	33·48	33·37		
Saskatoon	32·25	33·68	32·35		
Vernon	31·50			32·90	

Standing by Provinces with respect to eggs supplied to Special Products Board as of May 31, 1943 and the same date in 1942.

SPECIAL PRODUCTS BOARD

OTTAWA, June 3, 1943.

EGGS INSPECTED FOR DELIVERY TO THE SPECIAL PRODUCTS BOARD FROM JANUARY 1ST TO MAY 31, 1943
(cases of 30 doz.)

Period	B.C.	Alta.	Sask.	Man.	Ont.	Que.	Maritimes	Totals by months	Total Carried forward
January	1,200	14,470	9,574	10,760	68,620	8,330	.....	112,954	.....
February	.....	7,098	10,955	6,450	77,561	6,628	.....	108,692	221,646
March	.....	19,040	16,710	5,182	63,974	2,560	.....	107,466	329,112
April	.....	54,674	81,936	43,076	96,355	5,140	4,880	286,061	615,173
May 1 (only)	.....	2,039	1,800	2,160	3,200	.....	.....	.....	.....
May 3- 8	.....	17,112	23,365	15,064	29,732	1,300	600	.....	.....
May 10-15	.....	15,959	22,160	11,855	24,579	1,920	640	.....	.....
May 17-22	.....	15,530	23,962	11,754	28,283	2,580	640	.....	.....
May 24-29	640	10,607	18,133	9,807	21,981	2,020	600	.....	.....
May 31 (only)	.....	3,765	2,513	2,488	7,709	.....	.....	.....	.....
Total May	640	65,012	91,933	53,128	115,484	7,820	2,480	336,497	951,670
Total to date	1,840	160,294	211,108	118,596	421,994	30,478	7,360	951,670	951,670

EGGS INSPECTED FOR DELIVERY TO THE SPECIAL PRODUCTS BOARD FROM DECEMBER 23, 1941 TO MAY 31, 1942

Period	B.C.	Alta.	Sask.	Man.	Ont.	Que.	Maritimes	Totals by months	Total Carried forward
1941									
December	600	.....	.....	600	6,700	237	.....	8,137	.....
1942									
January	4,806	7,340	600	8,400	51,623	1,624	.....	74,393	82,530
February	8,792	19,552	15,358	18,154	75,364	4,852	906	142,978	225,508
March	5,040	27,915	26,486	21,010	61,649	.....	.....	142,100	367,608
April	5,760	46,240	65,057	44,953	112,818	5,480	3,053	283,361	650,969
May 1- 2	720	4,240	4,320	4,200	13,022	1,320	600	.....	.....
May 4- 9	1,320	13,440	23,603	15,476	31,033	3,240	1,920	.....	.....
May 11-16	1,280	11,480	23,580	12,100	34,229	2,520	600	.....	.....
May 18-23	1,240	9,400	19,277	12,691	25,800	2,560	1,200	.....	.....
May 25-30	1,240	10,177	13,508	9,821	22,168	1,200	1,840	.....	.....
Total May	5,800	48,737	84,288	54,288	126,252	10,840	6,160	336,365	987,334
Total to date	30,798	149,784	191,789	147,405	434,406	23,033	10,119	987,334	987,343

W. A. BROWN,
Manager, Poultry Products Section.

*PRODUCTION OF EGGS BY PROVINCES FOR 1938, 1939, 1940, 1941 AND 1942
Dozens

Province	1938	1939	1940	1941	1942
British Columbia	18,211,000	18,403,000	20,350,000	20,848,000	22,376,000
Alberta	23,158,000	24,292,000	26,117,000	28,160,000	34,173,000
Saskatchewan	32,315,000	35,550,000	40,299,000	42,736,000	49,617,000
Manitoba	18,200,000	20,540,000	21,320,000	22,507,000	28,276,000
Ontario	78,200,000	78,461,000	78,798,000	80,690,000	90,117,000
Quebec	31,765,000	33,224,000	35,854,000	35,921,000	39,442,000
New Brunswick	4,526,000	4,340,000	5,374,000	4,704,000	5,412,000
Nova Scotia	3,836,000	3,932,000	4,778,000	5,055,000	6,422,000
Prince Edward Island	3,188,000	2,995,000	3,216,000	3,536,000	4,417,000
CANADA	213,399,000	221,737,000	236,106,000	244,157,000	280,252,000

DOMINION BUREAU OF STATISTICS—Dept. of Trade & Commerce.
*This information is not available by months.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

THURSDAY, JUNE 24, 1943

WITNESS:

Mr. J. F. Singleton, Chairman of the Dairy Products Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

THURSDAY, June 24, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Blair, Clark, Cruickshank, Dechene, Douglas *(Queens)*, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Hatfield, Lafontaine, Lalonde, Leclerc, Leger, MacKenzie *(Lambton-Kent)*, McCuaig, McCubbin, McNevin *(Victoria, Ont.)*, Matthews, Mullins, Perley, Rennie, Rheaume, Rickard, Ross *(Middlesex East)*, Senn, Soper, Tustin, Ward, Weir, Whitman, Wright.—34.

In attendance: Mr. J. F. Singleton, Chairman, and Dr. H. A. Derby, Secretary, Dairy Products Board.

The minutes of the last meeting were read, and on motion of Mr. Leger, approved.

Mr. Singleton was called. He made a general statement on the functions and activities of the Dairy Products Board and was examined.

On motion of Mr. Golding, the Committee adjourned at 1.05 o'clock, until to-morrow, Friday, June 25, at 11 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 24, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we are ready to proceed. This morning the gentleman who is going to appear before the committee is Mr. J. F. Singleton who looks after dairy products for the Dairy Products Board. He is a gentleman who has been in the department for some time, and I am sure is known to many members of the committee. If the committee is agreeable we will call Mr. Singleton now.

Mr. J. F. SINGLETON, Assistant Director of Marketing Services and Chairman of the Dairy Products Board, called.

The CHAIRMAN: I will introduce Mr. Singleton and I will ask him to outline his position and the job he is doing. Perhaps he will be able to begin with a general statement as to the activities he carries on in connection with dairy products, and the committee will have an opportunity of asking questions on matters that are not brought out in his statement.

The WITNESS: Mr. Chairman and gentlemen, as many of you know in peace time I was an officer in the Department of Agriculture attached to the dairy division. What you are particularly interested in, as I understand it, is the work of the Dairy Products Board. Now, the first agreement between the governments of the United Kingdom and Canada with respect to dairy products covered cheese from the production of the year commencing the 1st of April, 1940, to the end of March, 1941. With respect to dairy products all these agreements providing for various quantities of cheese and evaporated milk have provided for a minimum quantity from the production of the fiscal year. Of course, the prices are also specified. The first agreement was completed in 1940 covering the sale of 78,400,000 pounds of cheese from Canada to the British Ministry of Food from the production of the year commencing the 1st of April, 1940, and ending the 31st March, 1941. One of the first clauses in the agreement was that the dominion government would establish an agency or board to undertake the export of available cheese in accordance with the provisions of this understanding, and pursuant to that a Dairy Products Board was established by order in council dated the 23rd day of May, 1940. The personnel comprised J. F. Desmarais, then General Manager of the Cooperative Federee de Quebec; John Freeman, Managing Director of Lovell & Christmas (Canada) Limited, Montreal, of which the head office is in London, England. They do an international business. This gentleman serves without pay. The present speaker was appointed chairman of the board. Dr. H. A. Derby, of the staff of the dairy products division, was later appointed secretary to the board by order in council.

The board, following somewhat the precedent for handling export of dairy products in the previous great war, established an office in Montreal, got space in the Shaughnessy building there, and Mr. Freeman devotes practically full time to the work of the board. He is in at 10 o'clock in the morning and is there each day until at least 4 o'clock in the afternoon, except when he is out at lunch, and very frequently he is there until 5 or 6 o'clock, and he is doing all that without remuneration.

Now, powers were conferred on the board by the first order in council of the 23rd May, 1940. Possibly I did not make myself clear; there were two orders in council, one establishing the board and conferring certain authorities on the board and the other was on the same date, 23rd May, and named the personnel of the board. Those powers have been widened from time to time, and are considerably wider than have ever been utilized, I should say. I have already said that the first contract covered the production of 78,400,000 pounds of cheese from the end of the fiscal year 1940-41, and the price fixed was 14 cents per pound basis first grade on board ship or car, Montreal. The cheese that year largely went out by ships from the port of Montreal. Shortly after the contract was completed, the Ministry of Food stated that they were anxious to secure the greatest possible quantity of cheese from Canada and would accept any excess over the amounts specified in the contract, namely, 78,400,000 pounds, and when the year was completed actually 93,081,234 pounds had been shipped with a total value of $13,009,758.71. Now, if that does not figure out exactly at 14 cents it will be for the reason that the 14 cent price applied to first grade cheese, and there are rather negligible quantities of second and third grades with differentials of one-half cent less for seconds and 1 cent less for thirds.

The next fiscal year, 1941-42, the contract quantity was 112,000,000 and the price to be paid by the ministry in England was 14·4 cents. The Canadian government supplemented that 14·4 cents to the extent of six-tenths of a cent per pound, making the price 15 cents on board ship at Montreal down to the 25th day of May, 1941. On the 26th day of May an order of the board requisitioning the cheese produced in Ontario and Quebec became operative. Something like 95 per cent of the cheese produced in Canada is produced by those two provinces. When the board issued the requisitioning order it was felt that the contract quality was fairly large, and the object of the order requisitioning the entire make was to get a good start, and the board debated at some length whether the term of that requisitioning order would be four weeks or five weeks or six weeks, and finally came to the conclusion that owing to the possibility of some inequality in shipping that it might be necessary to discontinue the order before the date fixed, if a date were fixed; so that consequently it was simply an order requisitioning the cheese made on or after the 26th day of May without any date of termination having been specified. As time went on shipments were moving satisfactorily, and if you will remember the weather became rather dry, and the order continued in effect. As we got further into the season it became quite clear that the market in Canada was somewhat short and if the requisitioning order were rescinded the domestic price would go so much above the export price that the quantity contracted for could not be fulfilled, so it was considered advisable to keep the requisitioning order in effect, and it stayed in effect down to the 31st day of October, 1941. When the cheese were all in, 115,393,000 pounds had been realized against the contract of 112,000,000 pounds with respect to the fiscal year 1941-42. I do not believe I made the point clear that after the requisitioning order went into effect the price was supplemented to the extent of 1 cent. The contract price was 14·4 cents and the Canadian government supplemented that by six-tenths of a cent per pound down to the 25th May including the cheese made on that date. When the requisitioning order came into effect it was supplemented again another cent making the price 16 cents on board ship.

The CHAIRMAN: Who paid that other cent?

The WITNESS: The dominion treasury.

By Mr. Senn:

Q. That did not include a bonus for No. 1?—A. No, sir, that is entirely apart from the quality premium.

By Mr. Soper:

Q. When did that quality bonus come in?—A. The 1st of June, 1939, I think. The minimum score for first-grade cheese is 92 points. No premium for quality is paid on first-grade cheese of minimum score, but on cheese scored as 93 points, the premium is 1 cent per pound and on cheese scored 94 or more points it is 2 cents.

Mr. SENN: What percentage of the cheese is No. 1 and what percentage is No. 2?

The WITNESS: If I were making just an off-hand remark—

Mr. SENN: State it roughly.

The WITNESS: Around 95 per cent.

Now, with respect to 1942-43 the contract quantity was 125,000,000 pounds and the price was 20 cents on board ship or car, Montreal. It was on that basis. If it went out from the winter ports of Halifax and Saint John the price was 20 cents on board car at Montreal for railing to Saint John or Halifax. Against the contract 127,172,543 pounds were secured of a value of $25,395,205.36. The make of cheese in Canada, the production, was greater in 1942 than it has been during any year since about 1910. Statistics of production between 1910—which was the census year—and 1915 when the Bureau of Statistics started collecting this information, are not available, but apparently it was around 1910 since we have had such a great make of cheese as we did in 1942. 127,000,000 pounds were secured for the Ministry of Food, and a small quantity went to the United States and at the close of the calendar year we had in Canada about 36,000,000 pounds of cheese which was equivalent to nine months' domestic requirements. The position was becoming tighter in the United Kingdom and Canada was asked if a further quantity of cheese could be provided from the stocks in Canada and about the middle of January or the 20th of January, 1943, a requisitioning order was issued requiring delivery of a percentage of cheese held in Ontario and Quebec by those holding more than a stated minimum quantity, and under that requisitioning order 14,872,842 pounds of cheese were provided or secured, making the total for the whole year 142,045,385 pounds.

By Mr. Soper:

Q. What quantity went to the United States?—A. About 7,000,000 pounds.

Q. At what price?—A. That is not a matter of public record. I do not really know, because it was not within our control. It was simply private trading, and the vendor or seller in Canada would make application for authorization to ship to the States and authority was granted, until it became clear that Britain was going to require more cheese.

By Mr. Senn:

Q. Do you know what the grade was that went to the United States?—A. I could not say, Mr. Senn, but I would say that in a general way Canadian firms selling cheese to the United States sell first-grade cheese, and if they can secure it, a 92 score cheese is what is used against the order.

By Mr. Ross (Middlesex):

Q. Have you the import figures?—A. Our imports of cheese from the United States are rather negligible.

Q. Does not fancy cheese come in?—A. Not very much from the United States. I have not got the figures here, but we are not importing cheese from the United States—I mean cheese produced in the United States—except,

perhaps, one or two shipments of Swiss cheese. I think that is generally correct. Most of the cheese we have imported from the United States has been Argentine cheese, blue vein variety and other special types.

Q. You have not got the importation figures?—A. I will look it up.

Mr. McNevin: Could we not withhold our questions and proceed in a more orderly fashion?

The Witness: In 1942 we imported from all sources 858,426 pounds of cheese. It is rather negligible. That is understandable. The importation is of varieties which are not produced in quantity in this country—many of them are not produced at all. These are the fancy varieties and the higher priced varieties.

Now, with reference to evaporated milk under contract, it was handled in a little different manner from cheese in the first year, and really three orders were placed. The first order was filled and then the Britishh asked for a second order and then a third, and when the year was completed we had sent to the United Kingdom 751,362 cases of evaporated milk. That is the unsweetened condensed British standard which has a little higher fat content than the Canadian product. The legal minimum fat content for domestic requirements is 7·8 per cent and in the United Kingdom it is 9 per cent, but there is a further provision in the United Kingdom standard that it be equivalent to two pints of 3·5 per cent milk which means that in actual practice the fat content of the British standard milk is around 9·1 per cent. The price that year was $3.75 per case. For the fiscal year 1941-42 the contract quantity was 658,000 cases, and actually 643,659 cases of Canadian milk were delivered against that, some 15,000 cases short, which is accounted for in part by the fact that some milk was exported with the approval of the ministry to other destinations—for the navy, army and air force institutes, which is a British military organization operating canteens, and there was a little milk which was not produced in Canada, which was in Java, just immediately prior to the Japanese bombing Pearl Harbor, and the British government agreed to take that over and give Canada credit for it against the contribution of the Canadian firm, which was a subsidiary of a firm in the United States that had packed the milk. Canada got credit for 15,000 cases of milk in that way.

The price was $4.12½ cents in eastern Canada, $4 in British Columbia, and the explanation of the difference is that in the first year the Eastern milk was put in fibre cases. They did not prove satisfactory and during the second year the Ministry of Food requested that wooden cases be used and the wooden cases were cheaper in British Columbia to that extent, and that arrangement was satisfactory.

By Mr. Cruickshank:

Q. What were those figures again?—A. The price for 1941-42 was $4.12½ per case for eastern Canadian milk, basis f.o.b. ocean steamer in Canadian port—the processor would be paying the freight to Halifax and St. John if it went out that way. The Vancouver price was $4 f.o.b. ship or car New Westminster or Vancouver, and the differential was due to the difference in cost of wooden boxes, the use of which was compulsory in 1941-42 and was not in 1940-41. The eastern processors used fibre boxes in 1940-41, British Columbia did not do so.

In 1942-43 there was a contract for 668,000 cases, and 668,402 cases were delivered. Each of these cases contained 48 tins of milk with a net content of one pound, 48 pounds of evaporated milk per case.

Now, last year the '42-43 contract price was $4.45 per case basis Montreal in the east and $4.32½ per case basis f.o.b. Vancouver or New Westminster in the west. The contract is not signed yet this year, but the terms of the agreement

are pretty well settled and it is anticipated the agreement will be completed within a very few days. The quantity will not be as great this year; in fact, it is anticipated at the present time it will be somewhat less than half of what was sent last year.

By Mr. Leger:

Q. What would be the reason?—A. Increased requirements at home. For instance, the Alaskan highway, and the northern Alberta area are requiring great quantities of milk, and developments in other areas where milk production is not sufficient for domestic requirements, and possibly there are other factors as well. There has been a decided increase in the per capita consumption of evaporated milk in Canada since the outbreak of the war, which is somewhat contrary to the experience in the United States.

That very briefly covers the work of the board in so far as these contracts are concerned.

The boards has performed other work; for example, in 1941 the board administered the provisions of order in council which fixed minimum prices for butter, and while it was not necessary to buy butter to support the market, the board stood ready to do that if it should have been necessary.

By Mr. Evans:

Q. Does your board handle subsidies?—A. On milk?

Q. On butter.—A. No; it is not the function of the board to do that. The Agricultural Food Board, on the recommendation of which the subsidies were legalized by order in council, is not an administrative body. The procedure is for the applicant for subsidy, let us say, on butter, to make out an application form and send it to the chief dairy officer of the province in which the creamery is located. He checks it and sends it direct to the treasury office and if the application is all in order the cheque is issued. It is only referred to the dairy division of the department, if the application seems to be inaccurate or some explanation is required; so that execept in such cases the dairy division is not handling them at all.

A year ago it seemed advisable to restrict the volume of ice cream which might be produced. That was increasing very, very rapidly, and it was quite clear at the time that there would be a short supply position last winter in connection with butter, so that the Dairy Products Board issued an order restricting the volume of sales of ice cream on a quarterly basis commencing with April, 1942 to the quantity sold during the corresponding quarter of the previous year. That was continued throughout the twelve months to the end of March, 1943. There were exemptions provided in the order. For instance, canteens within military bounds operated by the military authorities might buy all the ice cream they wished for the people in uniform. But vendors operating their own freezers and located outside the bounds of the military establishment could not sell more than they sold during the corresponding period of the previous year; and the reasoning back of that was that the commanding officer could sign for what was received and the report could be thoroughly checked.

By Mr. Fair:

Q. Is that quota still in effect?—A. That quota is still in effect with this exception, rather than try to regulate all the manufacturers of ice cream in the country as during the first year, it is now regulated on the volume of mix which may be made. There were about 1,000 manufacturers of ice cream—We had about 1,000 of them, counter freezer operators and larger manufacturers making their own mix, and some smaller ones.

By Mr. Leclerc:

Q. You passed the buck to the ice cream industry?—A. Yes, in the first place. They were what Mr. (a dealer) in Montreal used to say were the policemen of the Act.

Q. What about the military camps that had established either a canteen or a club outside?—A. Military bounds?

Q. Yes.—A. He is not exempt. Now, we pass on. We were regulating only the licensed manufacturers of ice cream last year, but actually practically all this mix that was frozen came from about 275 or 280 manufacturers of mix, and a gallon of mix is equivalent to about two gallons of frozen ice cream. So commencing with the 1st of April, 1943, the method of control was changed from restriction of volume of sales of frozen ice cream to restriction of volume of mix which might be made, and it secures the same results with a lot less work to administer it in connection with, say, 275 or 280 people instead of 1,000.

Hospitals also are exempt. A hospital for civilians or the military people can buy all the ice cream they want; there is no restriction on that and there has been a rather remarkable increase in the sales of ice cream to those exempted outlets. Up to March 1943 these sales have increased by about 590,000 gallons over the previous year.

By Mr. Rickard:

Q. Is it going to be necessary to continue this curtailment?—A. For civilians? Oh, I would think so. I do not see anything to indicate it would be otherwise, although conditions may change very rapidly.

Originally the Dairy Products Board initiated control of exports and of imports of dairy products. Later on the Export Permit Bureau was established, and all those individual controls which have been exercised by various departments were concentrated in this Export Permit Bureau, which is attached to the Department of Trade and Commerce. The procedure is now that if it is desired to export dairy products the exporter makes his application to the Export Permit Bureau and the Export Permit Bureau refers him to the Dairy Products Board and if they approve from the standpoint of supply only, that is all the Dairy Products Board's approval is based on, then the Export Permit Bureau itself completes the approval of the application.

A few moments ago I referred to action of the board in connection with administration of minimum prices for butter during the six months, May to October, 1941. There were no such minimum prices fixed for 1942 for the reason, that the make was relatively small and the market remained very close to the legal maximum price throughout the entire production season. Minimum prices have been established for this year. In December 1942 when rationing of butter was announced an undertaking was given that the market would be supported on a basis of the ceiling price of 35 cents delivered Montreal or Toronto throughout the period, from the time of the commencement of rationing to the end of April.

Now, the market supply was short, the market stayed at the ceiling of its own free action until well on in April. In the meantime minimum prices had been established effective the 1st of May. The undertaking had been given that the market would be supported at 35 cents to the 30th of April and the legal minimum for the 1st of May, the next day, was 32 cents. There was a possible drop of 3 cents a pound overnight. Actually no such drop occurred because the supply position did not warrant it, and the supply position was tight in part for the reason that during the last few days of April dealers in butter tendered to the Dairy Products Board whatever they could spare and take care of their trade up to the remaining days of April and the first two, three or four days of May, until they could get additional supplies.

By Mr. Leger:

Q. Was that 32 cents a pound to the farmer?—A. That was the minimum price delivered to Montreal or Toronto or any market in Ontario or Quebec or British Columbia, 33 cents minimum price delivered to any market in the maritime provinces, 30 cents delivered to any market in the prairie provinces. That was the schedule.

By Mr. Fair:

Q. Was there any drop at all in this?—A. Yes, there was a drop, but the market has been consistently ahead of the minimum prices. Then, the minimum price advanced three-eighths of a cent each month. For instance, in Ontario and Quebec during this month the minimum was 32⅜ cents; actually the market in Toronto yesterday was 32¾ to 33 cents.

By Mr. Wright:

Q. What is the freight rate from Saskatchewan and Alberta to the eastern markets?—A. I cannot give you all the rates, but the freight rate would depend on the point from which shipment is made. From Saskatchewan I would say that the freight rate would average, 2¾ cents to 3 cents per pound; it would be more than that from Alberta coming east. The natural market for the Alberta surplus is British Columbia.

By Mr. Leclerc:

Q. Did you say to Montreal or Toronto?—A. The freight rate is the same, there is no difference.

Q. Coming back to the question of butter, the situation is very much improved this year over last year. What is the intention of the government; should we have a surplus; will the government release this quota or export it?—A. Well, the Dairy Products Board stands prepared to buy butter at any time that the manufacturer cannot realize the legal minimum price in the province manufactured. Your question is what is going to be done with it?

Q. Yes.—A. It is not decided yet, Mr. Leclerc, there has been no arrangement made.

Q. You see from month to month that production is increasing so much that we are going to have a surplus at the end of the year and it is not customary to keep butter from one year to another.—A. Well, presumably it will be disposed of. I am not in a position to say what the government may do with it when the situation arises.

Q. At the 1st of June we had 8,000,000 pounds more butter than we had last year.—A. Yes, last year we were very short. The situation is confusing because of the subsidy. The subsidy has resulted in more creamery butter being made than was formerly and less farm butter, with the result that the creamery butter position is better than it was a year ago and the dairy butter is less, and it is the extent to which that diversion has occurred which has caused confusion in the whole picture. There is an increase in the make of creamery butter, but there may be not as much increase in the two combined as you would think. It is a fact that less dairy butter is being produced and more creamery butter being distributed and consumed.

By Mr. Ross (Middlesex):

Q. Before we leave milk and milk products, may I draw Mr. Singleton's attention to a rather important statement which is included in this book "Objectives for Canadian Agriculture in 1943" under the heading of "Contemplated Milk Products." The statement I refer to is as follows:—

> In the case of condensed milk the loss of certain important markets in the Far East has resulted in a decrease in the total demand for this product and consequently a reduction of about 27 per cent from the 1942 output has been called for in 1943.

Can you enlarge on that to some extent?—A. Well, prior to the Japanese entry into the war we exported important quantities of sweetened condensed milk to such places as Hong Kong, Shanghai, Burma, and the Dutch East Indies. That market is lost.

Q. When was that market cut off?—A. I think Pearl Harbour was bombed on the 7th of December, 1941.

Q. This is 1942.—A. That was prepared—

Q. It says: ". . . a reduction of about 27 per cent from the 1942 output has been called for in 1943."—A. That was prepared about November, sir, 1942, and it has not been entirely borne out by the facts. Production of sweetened condensed milk in the four months ending April 1943 was 1,191,000 pounds, and during the four months ending April 1942, 1,934,000 pounds. There has been an increase apparently in the domestic consumption of the product, but for eastern markets have been lost, for the time being at any rate.

Q. That covers all the markets that were lost?—A. It is that area there which is under Japanese influence; and the British Ministry are not buying any sweetened condensed. There is a high sugar content in the sweetened milk, and that may have had some effect too. I believe also that the quantities that have been available in the retail stores are limited. There is something like 40 per cent of sugar in the sweetened condensed milk.

By Mr. Tustin:

Q. Just before you leave butter: early in the spring, around the 1st of April, there was a great deal of concern among the creamery men that there was going to be a loss in butter, they had so much piled up and there was no storage space for it; was there any loss on that account, or, did the Dairy Products Board purchase the surplus on hand at that time?—A. I think that fear arose early in the year, shortly after the initiation of rationing. As far as I know, there was no shortage of storage space; and when the report had become common that the product was backing up we made a rather thorough survey in the areas from which these reports came; or, the area in which it was said to be accumulating. As far as we could ascertain what did happen was that the manufacturer might have been selling all his product in the form of prints to retailers, and when rationing came in these customers, retailers whom he supplied, could not buy as much as formerly. One of the results of rationing was to distribute the supplies more uniformly. Now, the manufacturer had to find other outlets for that part of his butter, and that generally meant packing it in solid pack and shipping it to some market outside his usual marketing areas. Now, that change from packing prints and selling them to the retailer to packing solid and selling to a wholesaler in another city, was opposed or resisted by some of the creamery men and a surplus of prints accumulated in their places. Following that, nine brokers in the city of Toronto sent a letter, a joint letter, signed by all nine brokers, stating that they would guarantee for first grade butter 35 cents delivered Toronto; and those firms whose product was backing up started packing solid and sending it into the central market where it was urgently required. That enabled them to dispose of the stock they had on hand. Our office could not verify a single instance of good butter having been spoiled.

By Mr. Dechene:

Q. What has happened to our whey butter, has it all moved out?—A. I do not believe it has, but I understand action is being taken which will I think perhaps fully relieve the situation. I do not feel justified in saying what it is because it is under another authority.

Q. Well, what about the value of it?

Mr. TUSTIN: I notice in the press today that it is being released at the rate of one pound per one coupon.

The WITNESS: That answers your question then, Mr. Dechene.

Mr. DECHENE: Yes, but that really belongs to the farmer.

The WITNESS: Oh yes.

Mr. DECHENE: Most people put a wrong construction on that.

The WITNESS: So does all the cheese belong to the farmer.

Mr. DECHENE: Not so much as the whey, that is taken out of the actual whey.

The WITNESS: I know, but the cheese is taken out of the milk in the first place. The farmer owns the milk. The factory does not own the cheese.

Mr. DECHENE: But the farmer does not get back any of the whey or what is left from the cheese.

The WITNESS: The cheese factories, as constituted in Ontario, nearly all operate on a commission basis. Ownership of the product remains vested in the farmers collectively until it is sold. When a cheque comes back, the usual practice is to deposit it to the credit of the treasurer—he is an officer appointed by the milk suppliers, and it is distributed among them.

By Mr. Tustin:

Q. Just on that point: occasionally one hears complaints that the farmer is not now entitled to purchase a piece of his own cheese from the factory; is that a fact?—A. I received a lot of letters on that very point, because it takes quite a while to get an order gazetted and distributed. Just yesterday I received this order which is dated the 14th day of June—it is an order of the Dairy Products Board and reads as follows:—

"Order No. 57

The Dairy Products Board hereby orders:—

That notwithstanding the provisions of order No. 56 of the Dairy Products Board, any cheese factory in Ontario and Quebec may sell cheese made on and after 1st June, 1943, to those supplying milk to the factory during the month in which such sales are made, provided:—

(*a*) that the quantity of such cheese sold to all milk suppliers of any cheese factory during any calendar month is not greater than the quantity sold to all milk suppliers of the factory during the corresponding month of the previous year;

(*b*) that such cheese sold to any milk supplier is solely for the consumptive requirements of the supplier and members of his family or others who habitually reside with the milk supplier;

(*c*) that the secretary of the factory keeps accurate records showing particulars of all such cheese so sold, which records shall be open for inspection by any person designated by the board.

That should remove any legitimate complaint.

Q. The farmer who was not able to buy last year will be able to this year.—A. Yes, that is the object of this order.

By Mr. Cruickshank:

Q. Do you have anything to do at all with setting up the subsidies on fluid or evaporated milk?—A. Our department?

Q. I mean the branch that you are representing here to-day.—A. No; except that I am a member ex officio of the agricultural food board regarding which Dr. Barton has already given you evidence.

Q. Well then, Mr. Chairman, may I ask another question along this line? I have tried to get this information from other gentlemen who have appeared before us and I intend to keep on until I get an answer. Now, if that is true,

you must have something to do with the subsidies. And now, what I want to arrive at is this; what do you take into consideration in making your recommendation that a subsidy should be paid on certain products? Does the cost of production enter into it?—A. I assure you that cost of production enters into all of these things; but we have got into a position where it seems to me at any rate it is a question of how essential is a certain supply, and what price is necessary to get that supply.

Q. In other words— —A. It goes further than that, and it is a question of getting the proper relationship between returns from the various products.

Q. In other words, in arriving at a subsidy you are not concerned with the farmer's cost of production, you are concerned only with supplying the market. —A. I would not say that.

Q. Well then, what would you say?—A. I would say that the starting point of this is pretty much the cheese contract, the price that might be obtained for that; and then, the other products are more or less related to that.

Q. You would arrive at your settling rate for fluid milk on the basis of the cheese prices?—A. No. I had in mind the manufactured articles about which we have been talking—such as butter.

Q. All right. Then I will take the manufactured articles in this case—on what basis do you arrive at the amount of the subsidy on your evaporated milk, do you use the cheese price?—A. It would be first of all on that basis, yes.

Q. And not on the cost of production?—A. Well, of course, the cost of production enters into all of them.

Q. You take into consideration in arriving at the subsidy the cost of production?—A. Certainly it is a factor.

Q. Is that on a national basis; or do you take actual cost of production? —A. Oh well you cannot take any actual cost of production for there is no such thing. You get the amount of the commodity required and then you investigate—

Q. Well then, as I understand it, you make no distinction with respect to the cost of production as between the various provinces?—A. That is what I say; there can be no true average; that is true not only with respect to the different provinces, but between individual farmers as well.

Q. What I am trying to arrive at, do you arrive at your estimated cost—what consideration is given to the cost of production in arriving at your subsidy; do you arrive at that by provinces, or on a national basis?—A. Oh well, it would be on a national basis, of course.

Q. All right then, well— —A. Your province I understand is British Columbia?

Q. Yes.—A. You are probably 17 to 20 million pounds short of your butter requirements which must be imported from another province.

Q. I realize that, but in arriving at your subsidy in the case of evaporated products, do you show a difference in the quality, in the cost of production of milk for the fluid market and for the evaporated product?—A. I do not just follow you.

Q. Well, let us take two 10-gallon cans of 3·5 milk coming from the farm.— A. Yes.

Q. And one can of ten gallons is going into the fluid trade and one can of ten gallons is going into the evaporated milk trade; do you recognize the fact that those cans cost an equal amount to produce?—A. I would say that that principle is not recognized in a national way; that is the value of the product which is made from the milk will determine to some extent the price that can be paid for it.

Q. That is what you take, you do not take into consideration the fact that the cans of milk cost exactly the same to produce?—A. I would say from the national standpoint absolutely not. You go right out in this city here (Ottawa);

the consumption of milk in Ottawa has increased very greatly during the past six or eight months. Now, the city milk market is considered a preferred market in this area with the result that this is void or vacuum—extra requirement of milk in Ottawa—is coming to a great extent to-day from milk which formerly went into cheese because it is more profitable that way in this area. It does not cost any more to produce—it may cost just a little bit more there may be some improvement necessary with respect to sanitation of buildings and there may be some little improvement in the grade of milk; but mainly the cost is not greatly different.

Q. That is what I am trying to arrive at Dr. Singleton.—A. I am not a "doctor" incidentally, Mr. Cruickshank.

Mr. CRUICKSHANK: Well then I will promote you for to-day.

By Mr. McNevin:

Q. Before we leave that point, if we are going to ask questions now; is it not generally recognized that in the supplying of milk to the retailer in the urban centres that milk does require considerable more attention in going to that market?—A. I would say that it not only requires additional attention, but ordinarily there is inspection by municipal authorities of the premises.

Q. And it is more expensive?—A. It is more expensive; in that, very often a man supplying a city market is on a quota basis and he is obligated to produce minimum quantities during the winter months at higher cost of production; and the cheese business for example, does not get as high a return as perhaps shipping milk to the city trade does, but it is practically all produced from natural grass.

By Mr. Cruickshank:

Q. I would like to follow that question up because it is of vital importance to our province, at least to my part of it. Am I to understand that it cost more to produce 3·5 milk (I am using that as a standard, 3·5 milk) for consumption in the city of Ottawa than it does to produce 3·5 milk for consumption in the evaporated market?—A. The evaporated milk man is not tied into any contract to produce a minimum quantity.

Q. I can understand that.?—A. You can understand that—I was raised on a farm and I have done a lot of milking and could do it again if I had to—but the man producing milk for concentration purposes is not tied into any contract to produce a specific minimum quantity of milk during the season of scant production and he is in a different position from the man who is producing milk for other purposes; at least, I believe that to be so. I am told by those producing milk, that the man producing fluid milk for the city trade has to so arrange his operations to have some of his cows freshen in the fall and I understand that is a somewhat difficult procedure; and that the whole position is more delicate if that is the word; in other words, it takes a more highly skilled man successfully to produce milk for the city trade and comply with the general requirements than it does to produce milk let us say for the cheese factory price where the peak of production is during the months when the cows have plenty of natural grass.

Mr. CRUICKSHANK: I would like to follow that up, because in this particular committee I am asking this question on instructions from 4,500 dairy shippers in one organization, one of the largest dairy organizations in Canada, in my riding.

Mr. BLAIR: Could we not have him go ahead and finish his lecture and then ask questions?

Mr. CRUICKSHANK: I understood everybody else was asking questions and I thought this is the time for me to proceed with mine. As a matter of fact, I thought Mr. Singleton had finished.

The CHAIRMAN: I do not think he has finished, but go ahead with your question, Mr. Cruickshank.

By Mr. Cruickshank:

Q. I think, Mr. Chairman, that I have just as much right in this committee as some of these other members who only represent a mere handful of cows. We are convinced that it cost just as much to produce milk for the evaporated product as it does for the fluid market. And now, I understand that it is the opinion of your board that the cost of production is not equal and I want to follow that further. Does your board have anything to do with setting the prices, and the proceedings wherein the milk is distributed nationally at 12 cents a quart and somebody pays 2 cents a quart to the distributor——A. I am entirely innocent this time.

Q. Now, there is another question to which you referred there and in which I am interested: you referred to a price of $4.12 at Montreal and $4.00 f.o.b. Vancouver on evaporated milk, and also I believe a later price of $4.25 and $4.22—there was a differential in that of 12 cents one year and 13 in another year, a difference in price as I understand.—A. It was 12½ cents each time.

Q. I understand that was on account of the extra cost of the boxes in the East, is that right?—A. Yes.

Q. I want this made clear; that is not the total cost, that is just the extra? —A. The extra, yes. As I said when I was speaking of this earlier, during the first year when the price was $3.75 east and west the British Columbia packers used wooden cases because they were cheapest and most convenient and the eastern packers used fibre cases and were obligated under the second contract to use wooden cases made in accordance with specifications provided by the British Ministry of Food. That increased the cost to the eastern packer for the cases by some 10 cents or 15 cents, and 12½ cents was the compromise recognized.

Q. That is, your board had nothing to do with—I may be asking the wrong one, Mr. Singleton—I think you will appreciate it is very difficult to follow all these different boards and organizations which are concerned with price setting. Have you anything to do with order 238?—A. I do not know what it is; is that a Wartime Prices and Trade Board order?

Q. Yes. You have nothing to do with the setting of the prices that the wholesaler can pay for milk?—A. No, I have nothing to do with that at all.

Mr. FAIR: Am I justified in assuming, after listening to the discussion which has taken place between Mr. Cruickshank and Mr. Singleton, that the price of the finished product, for instance cheese or butter, is not based entirely on the cost of production?

Mr. DOUGLAS *(Queens):* It never was.

Mr. CRUICKSHANK: Apparently it has nothing to do with it.

Mr. FAIR: Then I am wondering, Mr. Chairman, why agriculture and agricultural products should be taken out during wartime and some arbitrary prices be placed on it which bears no relation whatever to the cost of production, because in the case of shipbuilding, airplane building, and guns, shells and those sort of things, we find that the cost is entirely figured on and a certain per cent is based on that cost and allowed to the manufacturer. Where in the world is the farmer picked out in these circumstances to be the goat for the rest of Canada at a time when we are at war. I think everyone will agree that the farmer after all directly or indirectly bears the cost of all taxation in this country. I think that either we in this committee, or the house in general, should deal with this because we in the farming industry have been subjected to this injustice for a long period of years—

Mr. CRUICKSHANK: Always.

Mr. FAIR: Always, yes; and until this injustice is removed I do not think we can have the unity in Canada that we should have as well as the prosperity because, after all, prosperity in Canada is based on prosperity for the farmer.

Mr. LAFONTAINE: Do you mean to say that the farmers are not making any money to-day?

Mr. FAIR: I say they are not treating him fairly in comparison with other people.

Mr. LAFONTAINE: Are they not making an money?

Mr. FAIR: Some of them are and some of them are not.

Mr. LAFONTAINE: Those who are not do not deserve it.

Mr. FAIR: Every farmer deserves a good living.

The CHAIRMAN: Gentlemen, please come to order. This record is being recorded. I do not know whether it is the desire of this committee to have Mr. Singleton continue and complete his statement or whether it is the desire of the committee to have the discussion now; but I might say that when a discussion goes on between individual members of the committee it is impossible for the rest of the members to know what is being talked about and it is equally impossible to have the record taken down properly. Now, is it your wish that Mr. Singleton should continue with his statement?

Hon. MEMBERS: Continue.

Mr. MCNEVIN: I certainly desire to abide by the decision of the chair, and I want to see the work of the committee facilitated; nevertheless, the matter is down on the record now, and before Mr. Singleton proceeds I wish to make one observation. Consider, for example, the question of butter—because I understand Mr. Fair to state that no consideration at all was given to the matter of price—I want to state that under the Wartime Prices and Trade Board the price of butter was set down at 35 cents. That was not deemed to be sufficient to remunerate the farmer for the work and the cost and the expense entailed in the production of that butter, therefore through the winter months a bonus of 10 cents a pound was paid and for the summer months 8 cents a pound was paid in order to bring the returns of the farmer who is producing butter more nearly to an equal basis with other workers and other interests throughout the country; so that it is entirely unfair to state that no consideration has been given to the needs of the farmer who happened to be producing butter.

Mr. FAIR: In reply to that statement may I state here that if that bonus is given it is only given to those farmers who deliver their cream to the creameries.

Mr. MCNEVIN: Right.

Mr. FAIR: In a large unmber of cases there are farmers who are so situated that they cannot deliver their cream to the creameries and they are compelled to make the butter at home or they have to deliver their butter in a great many cases to the grocery store and they are denied the right to that bonus. Again, for the information of the committee, let me state that in a large number of districts since that bonus was paid we had a drastic cut in the grades of cream. That may or may not be known to those in charge of the matter, but if it has not been known to them let it be known now, and I suggest that the grades be checked, because I know of different instances in the west where farmers have shipped to one creamery and changed to another creamery and received a very marked increase in their cheques for the same kind of cream. Possibly, that might be worth looking into.

The CHAIRMAN: Now, shall we proceed with the witness?

Mr. CRUICKSHANK: Mr. McNevin has made a statement which is contrary to that which was made by Mr. Singleton and which is contrary to the situation in British Columbia. There is no bonus paid on evaporated milk, and we do not make cheese. There is no bonus paid between May and October on evaporated milk. To say that the farmer is being paid according to his cost of production is utter nonsense.

Mr. MCNEVIN: I was discussing the butter situation.

Mr. FAIR: I tried to point out yesterday that we should consider this question on a national basis and not discuss it within the limits of our own backyard. That is what I am trying to get at. While this policy is possibly satisfactory to a number of members of this committee there are a number of others to whom it is unsatisfactory, and I think we should give consideration to a Canada-wide basis rather than to the basis of what happens on somebody's farm.

The CHAIRMAN: I do not know that we know how the policy is working out. Perhaps we could get that information if we could get to the point where inequalities, if there are any, come into the question, and then perhaps we could make some suggestions as to remedies.

The WITNESS: Mr. Chairman, I think I should say that I did state that in a general way the cost of production was a factor. I do not think there should be any impression that I said it was based solely on other factors; I said a factor.

Now, with respect to this question of the grading of cream, that is a provincial responsibility, and every province in Canada has men whose duty is to do that checking. We have no responsibility in the matter. I cannot say to what extent it is done or how efficiently it is done.

Mr. HATFIELD: Do you not think we should have a national uniform grade?

The WITNESS: The grade standards for cream are fairly uniform but matters concerning the establishment of new cheese factories or creameries, sanitary requirements, certifications of the makers, and efficient operation, have all been deemed to be provincial functions and their attentions are directed at all times to that work. We are not doing it.

By Mr. Senn:

Q. Why should we single out the dairy industry in that way? Eggs are a national matter, a federal matter, and so is the grading of hogs and the grading of feed and the grading of almost everything else; but why do we single out dairy products? There may be a reason for it, but what is the reason?—A. I am not going to attempt to answer Mr. Senn. That is the practice. It was decided in conferences between the ministers of the departments and the various provincial ministers and federal ministers many many years ago, probably over thirty years, and it has worked pretty well.

Mr. MCNEVIN: I suggest that Mr. Fair see the provincial officials of the Department of Agriculture in Alberta.

The CHAIRMAN: Now, I am afraid we are going to get into another cross-fire discussion, so I am going to ask Mr. Singleton to carry on.

The WITNESS: When I was speaking before on this matter I think I was dealing with the control of exports and outlined how that was handled. We also control imports direct through our board. The would-be importer makes an application to our board and if it is in compliance with all the requirements an import permit is granted and the importation takes place.

That covers the work of the board, except its continuation of the support of the butter market which I described as having taken place during the early days of April. The markets since that time have remained at levels above the legal

minimum price. Should the market go down to the legal minimum and should any manufacturer of butter have difficulty in selling his butter the Dairy Products Board will be prepared to buy it, and the disposition of it after it is bought will no doubt be decided by the government. That is a matter of government policy.

By Mr. McCubbin:

Q. Are you not asking the creameries to store their butter better than they did?—A. Are we not?

Q. Yes.—A. We are not asking any creamery to store their butter.

Q. No, but put it in better boxes?—A. If we buy butter it must be butter that is suitable for export, and it must be graded, and the requirements are that export butter must be in new boxes—not previously used—and double lined.

Mr. SOPER: Let us follow up the cheese price there and the price in 1942, 20 cents f.o.b. Montreal. This year we have an adjustment.

The WITNESS: Yes, the price this year—I did omit that— is 20 cents factory shipping point, the quantity 150,000,000 pounds. It depends altogether on the cost of the freight movement from the shipping points to Montreal. Most of the cheese that originates east of the Prescott-Ottawa highway moves to Montreal at 22 cents per 100 pounds; cheese from Ingersoll costs about $\frac{5}{8}$ths of a cent. That arrangement would mean an advantage of a quarter of a cent to the producer in eastern Ontario and in western Ontario and anything up to $\frac{5}{8}$ths of a cent from far east of that in Quebec.

The CHAIRMAN: Have you anything further to add as a general statement?

The WITNESS: No.

The CHAIRMAN: The committee is free now to bring out further information.

By Mr. Senn:

Q. With regard to the question of price—and I ask this for information and not to be critical—I think you stated that the price per case for evaporated milk was $4.45?—A. Yes.

Q. And you said that the price of cheese at the factory was 20 cents?—A. The $4.45 for milk was for last year and the price of cheese this year is 20 cents f.o.b. factory shipping point.

Q. Have you any estimate showing that the prices returned to the farmer who sends his milk to the evaporation factory and to the farmer who sends his milk to a cheese factory are similar?—A. They have not to be similar. In the first place, only about 7 per cent of the evaporated milk produced in Canada is exported on this contract. The contract price is a rather negligible factor in determining the price that the producer of the raw milk will receive.

Q. If they all sold on that basis how would they compare?—A. The condensery price which is quoted is based on milk of 3·5 fat, where the cheese producer in mentioning his price usually quotes the average of the factory which may be 3·1 per cent, 3·2 or 3·3 per cent ordinarily those comparisons are on an improper basis.

Q. We will leave that for a moment. The price of cheese for this year is how much?—A. Twenty cents at the factory shipping point.

Q. And the quantity is 150,000,000 pounds?—A. Yes.

Q. I understand that there have been some representations by the cheese factories or by the patrons of cheese factories that the price is not high enough to warrant them continuing the making of cheese. I think several representations have been made. Has any change been made in that respect? I also understand that the figures regarding the production of cheese this year are

away down as compared with last year's figures. What are you doing about that matter, or has the matter been adjusted?—A. There has been no change in the price; 20 cents at factory shipping point.

Q. And do you think that is sufficient to warrant that you will get the quantity you require?—A. Well, I do not know whether we will or not.

Q. It does not look like it, does it?—A. It does not look like it, but there are other factors in connection with the matter which are commonly ignored. The first is that while our make of cheese during the winter—the past winter and spring months—has been away under what it was a year ago, the make of a year ago with which it will compare was abnormally high.

Q. Because of a higher price?—A. Twenty-five cents was the price. What happened was that we requisitioned all the cheese in 1941 down to the 31st October. The maximum price of 25 cents was fixed. The emphasis was on cheese. Stocks of butter seemed ample, and the effort was made to swing the milk into cheese, and we had a tremendous make of cheese. Last year the conditions were reversed. We were short of butter and at the close of 1942 we had nine months supply of cheese, and quite properly the policy last winter was to place the emphasis on butter.

Q. A question arose in the house as to the power of the board to direct factories to produce either cheese or butter or other milk products, and I think the minister stated that this was usually done, not by compulsion, but by argument.—A Moral suasion.

Q. Has the board power in that respect?—A. In accordance with the order in council, it has the power. As a matter of practice, orders are not issued by the board without reference to the minister.

Q. I have another question to ask along that line. I notice in your order in council defining your powers that you have power to set minimum prices to the producer: "To fix the minimum price to be paid by manufacturers and exporters for dairy products." Does that mean to fix the minimum price which they shall pay to the producer? I notice that a similar clause has been inserted in the order in council setting up the new meat board?—A. Yes.

Q. Have you ever had to exercise that?—A. No, we have not exercised it.

Q. Do you think that the prices paid usually are satisfactory? I mean to say have you ever made a study as to whether the price at which you are purchasing these goods—cheese and evaporated milk, say,—from the manufacturer corresponds with price which he is paying to the producer?—A. Oh, yes, there have been surveys, but so far as the purpose of this board is concerned, in contracts, as I mentioned, you would have to go into a much wider field than export because export of evaporated milk represents only 7 per cent of production.

Q. If you found there was a wide spread between the price the manufacturer is getting and the price he is paying to the producer could you step in and rectify that?—A. We, apparently, would have that authority, but as a matter of practice those prices in your province are fixed by the Ontario Milk Control Board.

Q. That is only for fluid milk?—A. Oh, no, for concentrating purposes too. About a year ago they fixed a minimum price of $1.95 per 100 on milk of 3.5 per cent.

Q. I want to point out one more thing before I sit down. There is, I think, a vote of $1,500,000 in the war appropriation bill of this year and there was last year to allow you to buy butter to sustain the market?—A. Yes.

Q. Have you done that?—A. There was $1,500,000 there but it is not there now.

Q. It was there again this year.—A. Most of that was used—a great part of that was used in supporting the market during the last days of April.

Q. I did not know whether that had been done or not. What disposal is made of that butter? How do you handle that?—A. The greater part of it is still in storage in this country, because it was accumulated at a time when a sharp drop was expected in the market and when supplies in Canada were not yet adequate and it was kept here as a sort of reserve, and is still here until we can see the position a little more clearly.

Q. You said there was an increase of one-third of a cent on storage butter which was allowed; that is butter that was held over; the price increased gradually one-third?—A. Three-eighths of a cent.

Q. There was quite a lot of discussion among farmers last fall to the effect that it would pay a man to store butter; that the storage charges were low and they could hold the butter and make a substantial profit on the ⅜ths of a cent. Was that done? I heard a good deal of criticism. I heard that men were storing butter to make a nice profit?—A. At ⅜ths?

Q. Yes. The storage charge was only about a quarter of a cent. —A. Oh, no, storage charges exceed a quarter of a cent, and when we fixed the minimum price in 1941 the minimum advanced one-half cent per pound per month. That was rather profitable, but this year it was cut down to ⅜ths of a cent, so there would be no undue inducement for holders of butter to hold their supplies off the market. As a matter of fact, if a man had butter in storage and if even a small proportion of it dropped in grade during storage—from first grade to second grade, it would wipe out any profit he would have in storing butter at an advance of ⅜ths of a cent per month in price.

Q. I am not saying this was done, but I have heard it.—A. What has actually happened is that nobody has got butter at the floor price. People are buying butter today at 33 cents when the minimum price is 32⅜ths. They are tied by the ceiling price until next April, a price of 35 cents.

By Mr. Wright:

Q. Did I understand you to say that the Ontario board had the authority to set minimum prices for dairy products in Ontario?—A. For milk for concentrating purposes.

Q. And your board set minimum prices?—A. No, the Ontario Milk Board with concurrence of the Wartime Prices and Trade Board.

Q. The Wartime Prices and Trade Board. How do they get together on that?—A. Of course, the Wartime Prices and Trade Board maximum price applies to the finished product—butter.

Q. But if the Ontario board sets a minimum price that will not allow the manufacturer to produce the finished product what is the position? If you have two authorities and both have authority to set prices on the same product you are likely to get into trouble?—A. The orders of provincial boards are subject to the review and approval of the Wartime Prices and Trade Board.

By the Chairman:

Q. Is not the position of these provincial milk boards one of carrying out the policy or supervising the policy of the Wartime Prices and Trade Board? Is not that where they come into the picture?—A. You might say so, but they long antedated—

Q. Yes, I know; but the fact that they were in existence and exercised a degree of regulatory control made them an organization already in existence which the Wartime Prices and Trade Board could use.—A. I suppose that is quite all right to state it that way. If a provincial board considers that certain action is desirable which would be implemented by an order in ordinary peace times that order must receive the approval of the Wartime Prices and Trade Board before it can be issued; but I am answering questions outside of my work altogether.

By Mr. Wright:

Q. Perhaps the questions I was going to ask were along the same line. I was going to ask with regard to the difference in the price in the different whole milk areas of Canada—the difference in the price to the producer; what is the variation; have you that information?—A. I do not think I have that information with me.

Q. Could you give us the variations? What is the total variation as between the different areas?—A. I would not attempt to give that, speaking from memory.

The CHAIRMAN: What you have reference to is what is the price of milk in the Toronto area or the Winnipeg area or the Regina area or the Calgary area?

Mr. WRIGHT: Yes, and I was going to proceed to ask further questions.

The WITNESS: I could not give you that information.

By Mr. Wright:

Q. Do you know how that is arrived at? Do you know how that cost is arrived at? Is it the cost of the production of milk in the different areas or is it the demand for milk in the different areas—the fact that they are short in a particular area—that increases the price in order to get the amounts required? What is the factor that goes into the determining of that price?—A. I have not had anything to do with that. I would not attempt to answer that question.

The CHAIRMAN: As I recall the situation in Manitoba—

Mr. WRIGHT: Who would be the proper authority from whom to get that information?

The WITNESS: You might write the Wartime Prices and Trade Board, because while the question of advances in prices come under and are considered by the Agricultural Food Board and the Wartime Prices and Trade Board jointly, the Agricultural Food Board is of recent origin and such prices as have been established have been established either by provincial authorities prior to the Wartime Prices and Trade Board or since the Wartime Prices and Trade Board and established by the provincial authority with the concurrence of the Wartime Prices and Trade Board.

Mr. WRIGHT: I want to know from whom we can get that information.

The WITNESS: I suggest you might see Mr. Nadeau.

Mr. WRIGHT: I want to get some person before this committee who can give us that information.

The CHAIRMAN: It seems to me, if I remember correctly, in Manitoba the milk producers organization deals through this control board, or whatever they call it in the various provinces, and the price is arrived at there through negotiation.

Mr. CRUICKSHANK: This applies to the provinces of Manitoba and Ontario.

Mr. SENN: That is the way it is done in Ontario. The producers' associations meet the distributors and the milk board sits in and arbitrates on the price. There are generally two prices, winter and summer prices.

Mr. CRUICKSHANK: That does not apply to western Canada.

By Mr. Hatfield:

Q. I would like to ask if the price set by the Wartime Prices and Trade Board on cheese is for the whole of Canada?—A. It is, sir; it is just the same as the export price.

Q. What is the price?—A. Twenty cents f.o.b. factory shipping point. Ontario pays a subsidy of 2 cents a pound.

Q. Does any other provincial government pay a subsidy?—A. Not at the present time.

Q. Does Ontario not ship cheese into the province of New Brunswick?—A. Not substantially.

Q. Do you think it is fair to the farmers of New Brunswick to have a subsidy on cheese as much as that?—A. Of course, the producer in the maritime provinces has a chance of getting that added on to his price—if he can get them to do it, added to the price that he receives from the buyer, to the extent at any rate that it is received in Ontario.

Q. Did you say that he can get the same as Ontario?—A. Yes, the Ontario price is 20 cents and the provincial subsidy is 2 cents, making a total of 22 cents. And now, the Ontario shipper cannot legally sell at more than 20 cents, taking shipment to a point in New Brunswick, and the producer in New Brunswick can sell it at 22 cents f.o.b. factory shipping point, and in that way he can secure the additional 2 cents.

Q. What is that, again? You say he can get—you say the Ontario man cannot ship above 20 cents and that he can get 22 cents?—A. I might tell you that New Brunswick cheese sold as high as 28 cents per pound—and that was when it was 25 cents in Ontario—in 1940-41.

Q. What about 1942?—A. There was some cheese went down there, yes.

Q. Do you not think that there should be a uniform system governing all these regulations? Why do you not have uniform regulations, or a system that will operate on a uniform basis clear across Canada? What is the idea of this?

The CHAIRMAN: Probably if you can get some of your provincial governments to give up some of their jurisdiction you might be able to get a uniform basis.

Mr. HATFIELD: The Wartime Prices and Trade Board are making uniform prices and they seem to have jurisdiction over everyone; also, the Defence of Canada regulations.

By Mr. Golding:

Q. Is the dominion government paying any subsidy on higher grades of cheese?—A. Yes, one cent per pound on cheese grading 93; 2 cents on cheese grading 94 and over.

Mr. DOUGLAS: In other words, those who are making 94 per cent cheese get 24 cents instead of 20 cents.

Mr. LECLERC: No, no; 22 cents.

The WITNESS: In Ontario.

Mr. LECLERC: Quebec is not paying any 2 cents.

The WITNESS: Not since the 1st of December 1942.

Mr. LECLERC: And I understand that they do not intend to pay it.

By Mr. Evans:

Q. When we were talking about cheese before I asked you what percentage was No. 1 cheese on which the high premium was paid; could you give us that now?—A. In 1942, 66·03 per cent of the cheese graded in all Canada received the premium.

By The Chairman:

Q. Was that No. 1 or No. 2?

Mr. LECLERC: Is that 93 or 94?

The WITNESS: That is both, the two combined; 21·17 per cent of all graded secured 94 points and got 2 cents per pound; 24·86 per cent secured 93 points and got 1 cent per pound.

By Mr. Evans:

Q. Will you have that broken down by provinces?—We did not have any cheese under 92, did we?—A. Yes, there was some under 92.

By Mr. Leclerc:

Q. Was that Ontario?—A. 6·32 per cent of the cheese graded in Canada was below first grade; 93·68 per cent was first grade.

By Mr. Hatfield:

Q. What about the Quebec farmer who takes his milk into Ontario??

The WITNESS: Pardon me, somebody asked about Saskatchewan. Saskatchewan does not produce much cheese. Saskatchewan had 3·72 per cent, grading 94 points, and 37·23 per cent grading 93 points; a total of 36·95 per cent was in the premium class in Saskatchewan. What was your question?

By Mr. Hatfield:

Q. What is the situation with respect to the Quebec farmer living on the border of Ontario and selling his milk to Ontario factories; does he get the 22 cents or the 25 cents?—A. Well, when that policy was in effect in both provinces the Quebec government paid it on the milk going into Ontario from Quebec, and the Ontario government paid it on milk going from Ontario into Quebec; that was the arrangement. Now Quebec has ceased paying it and the Quebec milk going into the Ontario factory no longer receives it, but the Ontario milk going into the Quebec factory gets the subsidy.

Q. Do you think that is a good dominion system to have?—A. It is not a dominion system, it is provincial.

Mr. DOUGLAS: The Ontario farmers could ship their milk to Montreal and get a good price for it.

Mr. CRUICKSHANK: I want to carry that point I was just dealing with a little further; does the dominion government pay out that 12½ cents per box differential between Montreal and British Columbia or the difference in the cost of production?

The CHAIRMAN: You mean the difference in the cost to the processor.

Mr. CRUICKSHANK: That is what I mean; that is a container and that is a part of the cost of production, I appreciate that; who gets that, the distributor or the farmer?

Mr. SOPER: They have to pay that much more for the boxes.

Mr. CRUICKSHANK: Maybe the witness would like to have some of these gentlemen do this answering for him. What I am trying to get there is this difference in the cost of the container as between the east and British Columbia; I understand that goes to the processor.

Mr. SOPER: That is right.

Mr CRUICKSHANK: Therefore I presume that the cost of production is taken into account.

The WITNESS: What happened, as I said before, was that these eastern men used a fibre box in 1940-41. The next year the Ministry of Food said we want wooden boxes and they sent us the specifications. British Columbia had been using wooden boxes right along. The eastern processor said, it is going to cost me 10 cents or 12 cents or more to pack my product in wooden boxes for the 1941-42 period as compared with the 1940-41 period; and that was the basis of this differential of 12½ cents.

Mr. CRUICKSHANK: I have no quarrel with that, I just wanted to have that clear in my mind, because it is apparent then—which I think is fair—that it costs more for the boxes in Montreal than it does in British Columbia. What I am getting at is—

By Mr. Senn:

Q. Did they get their boxes from British Columbia?—A. No, they do not come from British Columbia, they are eastern boxes.

By Mr. Cruickshank:

Q. Well then, I want to follow up the point that Mr. Fair brought up; it is admitted that the distributor could get a fair increase in his boxes because it cost him more to produce that box in Montreal, which I assume is only fair, and I think it follows that the man who produced milk should also have been taken into consideration, I mean his cost of production. That is what I am arriving at. It is actually the same thing, as I see it. If a man is entitled to extra cost for the production of boxes—which I do not deny—he is also entitled to extra cost with respect to the production of his milk. And now, as I understand it, in answer to Mr. Senn a short time ago, the Board have authority to enforce the amount that is to be paid to the processors—if I understood the answer correctly —your Board—

Mr. SENN: To set a minimum price.

Mr. CRUICKSHANK: Yes, to set a minimum price; although you have no way of enforcing—in British Columbia they are enforcing it, they have an arrangement in effect under which we can only get 65 cents when the people who distribute the milk are prepared to pay us 72 cents per pound of butter fat at no increase to the consumer, the selling price remaining exactly the same as it is to the consumer for the product, and the distributors are prepared to and asked for permission to pay us as well, wholesale, instead of getting 65 cents per pound butter fat we would receive 72 cents for the butter fat; but under order 238 we are not allowed to receive the money and they are not allowed to pay it. That is the maximum price they can pay. And now, Mr. Chairman, I do not know what productions boards are for in the province of British Columbia—which your Board has admitted is a deficient area for milk—from the city of Vancouver we have to ship milk to Victoria and Nanaimo to feed the armed forces. They are allowed a subsidy in Victoria for fluid milk and we are now allowed to get that subsidy until we ship the milk in to these people who send it to Victoria and they get the subsidy. We get no subsidy except what we ship to the troops around Nanaimo. Well, we ship to Victoria for the same purpose and we should get the subsidy. We have applied to the board to have that adjusted, but so far we have had no adjustment. I cannot understand these things, and I want to follow it up. I think there is no time like the present. If we cannot find out from the food production board, who is the correct man to give us a complete statement on that matter. I do not know who he is or what steps we can take. I want to know who I am going to ask about this differential in price in British Columbia. By the evidence just given it is admitted that the cost of production is taken in, and correctly so, in the evaporated price; and it does not take into consideration anything else.

Mr. SOPER: No, no.

Mr. CRUICKSHANK: All right, if you want to answer for Mr. Singleton.

Mr. SOPER: That makes up for the difference in the cost of the package.

Mr. MCNEVIN: He has answered it three or four times now.

Mr. CRUICKSHANK: I am asking Mr. Singleton if he can produce—I do not expect it to be produced now—the settling list in each area in Canada, both wholesale and retail. I do not expect it to be produced today, but I would like these figures produced so I can further question on them; is that possible?

The WITNESS: The settling list on what?

Mr. CRUICKSHANK: I want to know, for instance, the settling rate in each of the provinces and in each area. As I understand it, there is a settling rate for the main towns, like Toronto, London, Ottawa, and so on.

The WITNESS: That is for fluid milk trade.

Mr. CRUICKSHANK: Yes; and I also want to know which is the settling rate as applied to wholesale and as applied to retail in each respective area. That is available, is it not; or, can be made available?

The WITNESS: I will try to get it. I could not say definitely that it is all available. I do not know; that is, I will look it up for you.

Mr. CRUICKSHANK: That is just the point I want to get, if it is the Wartime Prices and Trade Board. If your branch cannot get it, that is just what I want to tie down; then I for one want the Wartime Prices and Trade Board official here who can give us it. Possibly it is not your branch. I understand there has been a new set-up and Mr. Nadeau is in charge of one branch and I believe there is a new man in charge of fluid milk.

The WITNESS: It is for the Wartime Prices and Trade Board to answer.

Mr. CRUICKSHANK: Then those are the people who will have to answer.

By Mr. Leger:

Q. I would like to know from Mr. Singleton if he has anything to do with regard to the sales of butter fat?—A. Well, as I said before, I am a member ex-officio of the agricultural food board.

Q. Well, I have already asked a question in that regard.—A. Yes sir.

Q. Have you taken into consideration the bonusing of dairy butter?—A. As far as I know it has never been before the board. The bonusing of fat entering in the manufacture of creamery butter was initiated by the Wartime Prices and Trade Board last July. It was transferred to the agricultural food board as from the 1st of May. Dr. Barton is the man to whom that question should have been directed.

Q. Well, it was directed to him but he said it should be directed to your board, I believe. I asked him that question.—A. Well, as far as I know, it has never been before the Agricultural Food Board.

Q. I suppose you are aware that in a good many places, especially in the winter time the butter fat or cream cannot be delivered to the creameries on account of the roads being blocked by snow?—A. I have been told that.

Q. And therefore, the people in these back districts are forced to make dairy butter?—A. Yes.

Q. I think that a system could be established where they would bonus them the same as they are bonusing the creamery people for the butter fat. I think that a coupon system could be established just the same as it has been established for subsidizing milkmen. As you know, in a good many districts, the farmer is a milkman and he delivers his milk right to the consumer and he is being paid at the present time 2 cents a quart premium. Why do you not do the same thing to the dairy butter maker; and if you don't want to do it the year round, why not do it in the winter time when it is impossible for the farmer to deliver his cream to the creamery. I really think there should be no discrimination with that class of farmer simply because it is impossible for him to deliver his cream during a certain period of the year. As I understand it, you want to unify the butter market to more or less one class of butter throughout Canada; but I think under circumstances such as this that a subsidy should be given to the farmer in the winter time.

By Mr. Wright:

Q. You are a member you say of the Food Products Board?—A. No, the Dairy Products Board. I have nothing to do with production.

Q. Who is in charge of food production?—A. Well, there is no food production board, as far as I know, Mr. Wright.

Q. I understood that there was an agricultural food board?—A. Yes.

Q. Are you a member of that board, the Agricultural Food Board?—A. I am when dairy matters are under review, yes.

Q. What would you say was the major factor in the producing of more agricultural supplies; you need increases in certain agricultural products; what are the main factors which would enter into obtaining that increase; would you say that price was one important factor?—A. I would say it is a factor, yes; although, as I said before, I am not a production man, my work is marketing.

The CHAIRMAN: Perhaps we should go back to Mr. Leger's question for a moment.

By Mr. Wright:

Q. You are a member of the agricultural board, as a member of that naturally you have to deal with the question of production as well as marketing.—A. Well, possibly; so far it has been mostly marketing.

Q. What have we got a board for, if they are not a board to increase production; if you are a member of that board you must have responsibility with regard to obtaining more agricultural products in Canada?—A. Of course, subsidies have been established to that end in some cases.

Q. Then you would say that prices are a factor?—A. Oh, absolutely.

Q. Would you say it was the important factor?—A. Yes but I can visualize circumstances under which it might not be the most important factor.

Q. Your production board have no control over prices; I mean, if you want more production in certain lines and you come to the conclusion that an increase in price on that particular product is necessary in order to aid production, to whom do you have to go to obtain that increase in price?—A. Of course, if there were an increase in price, and the product was for domestic consumption, presumably it would go to the Wartime Prices and Trade Board; because if it is a shortage that would probably be under a ceiling now. If it were for export it would be I presume a matter for arrangement between the governments of the two countries, and that is where the policy of subsidies enters in; to get extra revenue to the producers subsidies are paid rather than an increase in price.

The CHAIRMAN: May we just finish up Mr. Leger's question for a moment. Mr. Leger was asking a question or two and perhaps it should be further dealt with.

Q. Well then, I understood you to say that the Wartime Prices and Trade Board paid a subsidy on creamery butter; did they consult your department about that?—A. Yes, they did.

Q. They never consulted your department in regard to the dairy butter end of it?—A. Oh, there have been discussions on it. I have had discussions over the telephone, as far as my memory goes. Whether there was ever a formal reference to our department, I do not know.

By Mr. Hatfield:

Q. Is the transport controller in some cases the one who fixes the number of cans and sets the price and weight for fluid milk?—A. I believe there is some restriction on frequency of collection.

Mr. HATFIELD: Owing to the shortage of cans there is some difficulty, the farmer cannot hold his cream three or four days. I thought possibly that would come under your board.

By Mr. Ross (Middlesex):

Q. I would like to ask a question with reference to the export of cheese.

The CHAIRMAN: Excuse me, Mr. Ross; Mr. Leger has asked this question and I think perhaps we should follow it up further. I do not know what might come out of the discussion. What is the production, for example, now, of dairy butter in Canada?

The WITNESS: No one knows, Mr. Chairman.

The CHAIRMAN: I mean, what comes under the market, do you know?

The WITNESS: Well, what comes into the open market is a negligible quantity at any time.

Mr. LEGER: I suppose most of that is sold locally.

The WITNESS: Most of it is consumed on the farms on which it is made, or among the immediate neighbours.

Mr. LEGER: Yes.

Mr. HATFIELD: In our province there is more dairy butter produced than there is creamery butter.

The WITNESS: The quantity in storage as of the 1st of June, 1943, in all of Canada was 61,258 pounds.

By Mr. McNevin:

Q. What percentage would that be of the total in storage?—A. The creamery butter in storage as of June 1st was 18,591,000 pounds.

By Mr. Hatfield:

Q. In storage?—A. Yes.

Mr. FAIR: I wonder if we could get the quantity of dairy butter placed on shelves in the stores for sale. I do not think the quantity in storage means anything, it is not a fair quantity for us to base an opinion on. We should have the quantity that is sold to the stores throughout the country as well, then we could determine the base on which this bonus could be paid.

The CHAIRMAN: I doubt very much if that would give us anything of a very definite character because in many parts of the country a lot of the dairy butter is delivered from the producer to the actual consumer and never goes into the stores at all.

Mr. LEGER: Yes, but some of it goes to the stores.

By Mr. Golding:

Q. I wonder if it would be possible for you to put the detail on the record stating the production of cheese, butter and stocks of evaporated milk for the various provinces so that we would have a picture of what is produced in each of the provinces?—A. Yes, sir, we can do that. I do not know if this figure is up to date for 1942 yet, but if you get this report—the Dairying Statistics of Canada for 1941, issued by the Dominion Bureau of Statistics,—that would give you the information you want.

Mr. FAIR: There is one more question I want to ask.

Mr. CHAIRMAN: I was just going to ask that we let Mr. Leger follow his question a little further.

Mr. FAIR: Mine is along the same line I think.

The CHAIRMAN: Very well then.

Mr. FAIR: What officials are consulted about fixing the subsidies to be paid on the different agricultural products?

Some Hon. MEMBERS: Hear, hear.

The WITNESS: Well, it would be the Agricultural Food Board, sir.

Mr. FAIR: Does your board take that into consideration; are you a member of that board?

The WITNESS: I am a member of the Agricultural Food Board when dairy products are being considered, ex-officio. Mr. Pearsall, Manager of the Meat Board, sits in as a member ex-officio when meat products are under consideration.

Mr. LEGER: And Dr. Barton is the chairman of that board?

The WITNESS: Dr. Barton is the chairman of that board, yes.

Mr. LEGER: To get around to my question; will the board seriously consider the bonusing of dairy butter?

The WITNESS: Well, you understand sir that as an ex-officio member of the board I am not in any position to give any undertaking for the board.

Mr. LEGER: No; I say seriously consider.

The WITNESS: That is what I say.

By Mr. Leger:

Q. Could you bring it up? Who would I bring this matter up with?—A. I would suggest that you take it up with the Chairman of the board.

Q. With Dr. Barton?—A. Yes.

Mr. LEGER: Dr. Barton suggested that I should take it up with the Dairy Products Board.

The CHAIRMAN: I think what Mr. Leger was dealing with was really the direct mechanics of a system whereby a bonus might be paid to the producers of dairy butter; and if I recall correctly he suggested the idea of making payments through the use of coupons. It was largely on the line of the mechanics of paying a bonus of the type that is being paid to the producers of creamery butter. You have an organization already set up that deals with the trade, and it is appreciated that that is not the case with dairy butter.

Mr. LEGER: It is with milk, could they not use the same system?

The CHAIRMAN: And the method of paying the bonus is much more difficult than it would be for creamery butter. I think that is a point Dr. Barton suggested might be referred to you; and I think Mr. Leger wants to know if any consideration has been given to any means whereby a system might be worked out where such a bonus could be paid.

Mr. FAIR: I believe that Mr. Leger has brought up a point of outstanding interest to a number of small farmers, and I would suggest that a recommendation from this committee to the house be sent in along that line. It would be very valuable to a number of small farmers.

The CHAIRMAN: Have you anything to say on the mechanics that might be utilized for dealing with the matter of that product?

Mr. LEGER: The same as for milk.

The WITNESS: I have not followed that through. No, Mr. Chairman, I do not know what steps the vendors of milk have taken to establish their claims. I understand he does get his pay from the local bank.

Mr. LEGER: When he presents his coupons he is paid. In my district the system is that the milkman sells a book of coupons to the consumer and any time the consumer wants a quart of milk or puts the appropriate number of coupons in the bottle and the milk is left for him. The milkman then takes these coupons to the bank and after being checked up—I believe he makes a sworn declaration—he is paid. With respect to butter I think we have a better

principle available; every time the farmer sold a pound of butter he would get a ration coupon and he could present that ration coupon to the bank and there would be no fooling at all, there would be no chance of discriminating in connection with anyone as I see it.

Mr. HATFIELD: I see by this year book that I have here that there were 3,934,000 pounds of creamery butter produced in New Brunswick and 5,322,000 pounds of dairy butter; in all of Canada creamery butter was 286,000,000 and dairy butter 94,000,000—that is for 1941. With respect to my own province of New Brunswick, also Nova Scotia, there is a great deal more dairy butter manufactured than there is creamery butter, especially in the summer.

The CHAIRMAN: Have you a question you wanted to ask, Mr. Ross?

Mr. Ross (*Middlesex*): In connection with the British cheese contracts.

The CHAIRMAN: All right.

By Mr. Ross (Middlesex):

Q. When the British Ministry of Food entered into the cheese contract under the British government, did the British Ministry of Food set the price for the cheese; or did they advance the fund in a certain amount and then bargaining ensued?—A. It was all a matter of negotiation between the representatives of the two governments.

Q. You say it was a matter of negotiation.—A. Yes.

Q. The price was finally decided on by the British government and they said it is the best we can give you?—A. Well, I would say in the main that is correct.

The CHAIRMAN: It is a negotiated price.

By Mr. Ross:

Q. I think that is fair enough too. Then, the next question: what did they base their offer on; that is the price at which you export cheese—was it from the price of cheese in the United States, for instance? They cannot very well base it on former imports from Denmark and those countries now under enemy control. How did they base this particular price?—A. Well, Great Britain never imported much cheese from Denmark. Practically all the cheese the United Kingdom imported in peacetime came from the empire; 88 per cent of it came from Canada, Australia, New Zealand and South Africa; with Canada and New Zealand being the principal suppliers. And now, what cheese they received last year from the United States was under lend-lease; but the quantities they may expect from the United States this year are much less. That is one of the reasons why our quantity has been advanced from 125,000,000 pounds in last year's contract to 150,000,000 this year.

Q. What I am trying to get at is, what do they base that price on?—A. I believe that Mr. Gardiner made a statement on that in the house.

Q. I cannot hear you.—A. I think the minister, Mr. Gardiner, made a statement in the house with respect to last year's contract with the Ministry with regard to the matter of price.

Q. Oh, yes, I remember his saying that.—A. It was fairly hard to get the quantity they desired and that is why that price was necessary; they accepted that price but on the condition that the Minister would make a public statement announcing that the Ministry of Food, that is the British Government, should not be held responsible if there were over stimulation throughout Canada as a result of that high price.

Q. Then the Ministry of Food thought the price was high?—A. Yes.

Q. Well, then, they must base what they think a fair price on some things.—A. Well, there are a lot of factors entering into it. Of course, last year cheese was available from the United States.

Q. That is just what I am trying to get at.—A. Apart from that the principal sources of supply are Canada, New Zealand and Australia. Canadian cheese commanded a much higher price than that of Australia or New Zealand. One reason for this is that a ship would make say three round trips between the United Kingdom and Montreal or Halifax during the time required to make on round trip to Australia. The location of the product is a factor in determining the price.

Q. I think the whole arrangement is fair enough.

The committee adjourned to meet Friday, June 25, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

FRIDAY, JUNE 25, 1943

WITNESS:

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

FRIDAY, June 25, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Aylesworth, Cardiff, Cruickshank, Dechene, Douglas (*Queens*), Evans, Fair, Fontaine, Furniss, Golding, Gregory, Hatfield, Lafontaine, Leger, MacDiarmid, Matthews, Perley, Rennie, Rickard, Soper, Ward, Weir and Wright.—23.

In attendance: Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

The minutes of the last meeting were read, and, on motion of Mr. Dechene, approved.

Answers to questions asked from previous witnesses by Messrs. Perley and Golding respecting freight assistance claims and prices of flax fibre machinery, were filed by the Chairman and incorporated in the minutes of evidence.

Mr. Pearsall was called. He gave a review of the activities of the Meat Board and was examined.

At 1 o'clock, on motion of Mr. Lafontaine, the Committee adjourned to the call of the chair.

R. ARSENAULT,
Clerk of the Committee.

84019—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS

JUNE 25, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, will you please come to order?

Before proceeding this morning there are two questions that were asked by members of the committee at previous meetings for which answers have been handed to me. It may be just as well to put them on record now as any other time and then they will be in the record. Mr. Perley asked a question with respect to the number of claims for freight assistance paid. The answer given to me is that the number of freight assistance claims paid from August 1, 1942 to June 19, 1943 total 23,405. There is no means of designating those as individual claims. It is simply the total of all claims paid.

Mr. EVANS: Does it give the amount of money?

The CHAIRMAN: That was placed on the record at the time. Mr. Golding asked for the prices of flax processing machinery. I might add that these flax processing machines are made by the Frost and Wood Company of Smiths Falls, Ont., and the Plessisville Foundry at Plessisville, Que. The strength and durability of these machines, it is stated, would explain the difference in price and also the claims of the processors as to the quality of the work done. The following is the approximate cost of these fibre flax machines to which he referred.

Approximate cost of Flax Fibre Machinery

Puller	$780
Lifter	$375
Brakes	$500 per set
Tow Scutcher	$5,700 to $9,100
Turbine Scutcher	$4,300 to $6,500
Baler	$800
Knives	$75 per set
Seed cleaner	$450
Thresher	$600

The committee has before it as witness this morning Mr. L. W. Pearsall, who formerly was with the Department of Agriculture and still is with the department but is acting also in the capacity of secretary-manager of the Meat Board. As we all know the Meat Board previously was known as the Bacon Board, and it is only in recent weeks that it has been reorganized into what is now known as the Meat Board. If the committee is agreeable we can proceed with Mr. Pearsall?

(Carried).

May I here bring up again a question as to procedure? Occasionally we get into the habit of asking questions while the witness is making his statement. I think the general consensus of view is that we should attempt to let the witness continue with his statement and complete it and then have the questioning afterwards. Is that the way the committee would wish to proceed?

(Carried)

Very well; I will introduce to the committee Mr. Pearsall, secretary-manager of the Meat Board.

L. W. PEARSALL, *called*

The WITNESS: Mr. Chairman, and gentlemen: as your chairman has intimated I am appearing before you today to report on the work of what is now known as the Meat Board. As has also been indicated the Meat Board was until very recently, a matter of a couple of weeks ago, the Bacon Board. It was reconstituted into the Meat Board with certain additional responsibilities.. As to the Meat Board, so far this body has not as yet taken on any new work. Therefore all I can do this morning is report on the activities of what was the Bacon Board. However, I presume now that the Meat Board takes in the whole field of meat products, any discussion pertaining to beef, and so forth, if the members wish to bring that up, would come within the scope of this Board, although it will be speculative rather than a report on any past experience.

The Bacon Board was constituted in December, 1939, as one of the first, so far as I am aware, of the wartime agricultural boards, for the purpose of carrying out the agreement that had been just consummated with the United Kingdom with respect to bacon. Briefly, the paramount responsibility of the Board was to carry out the agreement and furnish bacon to the United Kingston. Secondly, it was felt the Board should assume, recalling the experience of the last war when the reputation of Canadian bacon suffered and problems were created during the post-war period, some responsibility, and we feel we have that responsibility, to try in so far as compatible with the job of getting bacon to Great Britain to maintain the quality and standards for Canadian bacon. Thirdly, and probably I should not put it third, we feel we have some responsibility to see that producers receive a fair share of the returns from bacon, primarily from the standpoint of maintaining confidence and maintaining production. Those are the main objectives that the Board have in view in their operations.

We have been operating for three and a half years. I do not think that at this time I should attempt to give you in any detail a statement of our problems and our operations. It would take too long. I think that probably it would facilitate the work of the committee if I were to try to briefly review what I consider the highlights of some of our problems and assume, Mr. Chairman, that any details that the members of the committee desire will come out through the questions and answers which I will try to give you.

The Board is in the same position as other boards. We are limited in the money we can expend, except for administrative expenses, to the money we get from the United Kingdom. There is only one case during our operations to date when government funds were appropriate. That was during the summer of 1941 when the contract price was supplemented by a government appropriation amounting to somewhere between $2,500,000 and $3,000,000, but apart from that expenditure we are limited to the money we realize from the sale of bacon to the United Kingdom.

The Board purchases bacon from the packers on a basis f.o.b. Canadian seaboard. The price for all packers is the same at seaboard and the net return varies according to the cost of getting it to seaboard. We are purchasing from thirty-four different inspected houses. Eighteen of those plants are what you might call independent individual units. Sixteen of them are units of multiple houses. The plants are located as follows: six in Alberta, four in Saskatchewan, five in Manitoba, thirteen in Ontario, five in Quebec and one in the Maritime Provinces, making a total of thirty-four plants.

The contract price from the United Kingdom is a flat price. we have a flat price for all grade A bacon regardless of weight or selection. The contract price this year is $21.75 for grade A, and the price for grade B is $21.15, or 60 cents lower, per one hundred pounds f.o.b. Canadian seaboard. In all our purchases from the packers the policy that we have pursued throughout is to maintain a differential for quality. That is one of the main objectives of the Board. In other words, if a flat price had been paid for all bacon, we are satisfied it would very quickly have brought about deterioration in quality. As a result, instead of paying $21.75 for all grade A bacon we pay the packers for the various grades, weights and selections. In grade A we have fifteen different prices ranging from $21.95 for A-1 sizeable, which is top and is higher than the contract price, down to a low of $18.25 for the heavy sides of number three selection. In our schedule for B grade we have also fifteen prices ranging from $20.95 to as low as $17.25 for the heavy B-3 sides. In addition to that we have a schedule for hams, gammons, middles and square fores or fore-ends. Our understanding with the United Kingdom is that we will try and maintain 85 per cent Wiltshires. We have come very close to that although the contract actually calls for only 75 per cent. We did not want to commit ourselves to anything more than that, but we agreed to try to get that up to as near 85 per cent as possible. If any of the members are interested in the detailed price schedules they are issued regularly and are available to the members. The following is the price schedule now in effect for Wiltshires and export cuts f.o.b. Canadian seaboard.

B.B.R. 82

Under authority of Bacon Board regulations P.C. 4076 and amendments thereto and in accordance with a minute of a meeting held June 2nd, 1943, the price schedule for Wiltshire sides and cuts as established under B.B.R. 68, November 10, 1942, is hereby amended by adding price schedules for 80 to 85 pound Wiltshire sides, fore-ends weighting from 22 to 25 pounds and hams weighing from 22 to 24 pounds.

This price schedule becomes effective for product put into cure on and after Monday, June 14th.

PRICE LIST FOR WILTSHIRE SIDES

	45-55 lb.	55-65 lb.	65-75 lb.	75-80 lb.	80-85 lb.
A-1	$21.55	$21.95	$21.55	$20.55	$19.05
A-2	21.15	21.55	21.15	20.15	18.65
A-3	20.75	21.15	20.75	19.75	18.25
B-1	20.95	21.35	20.95	19.95	18.45
B-2	20.35	20.75	20.35	19.35	17.85
B-3	19.75	20.15	19.75	18.75	17.25

PRICE LIST FOR EXPORT CUTS

Hams, 10/18	$22.80	Rib Backs A-1 & A-2, 10/18	$24.90
" 18/20	21.85	" " A-3 10/18	24.10
" 20/22	21.35	" " A-1 & A-2, 18/20	23.65
" 22/24	20.40	" " A-3 18/20	22.85
Gammons, 10/18	22.80	Square Fores 12/20	17.80
" 18/20	21.85	" " 20/22	17.05
" 20/22	21.35	" " 22/25	16.30
Middles, A-1 & A-2, 22/30	23.30	Tinned Hams	28.67
" A-3 22/30	22.50		
" A-1 & A-2, 30/36	22.30	Contract Middles, 22/36	23.75
" A-3 30/36	21.50		

The Bacon Board
Chairman ————————

I also mentioned that we are trying in so far as possible to maintain the standard and quality of our bacon. One of the first things we did was to standardize at all packing plants the processing, butchering, baling and the method of packaging of export cuts and Wiltshires. We have even gone so far now as to standardize the curing. That was brought into effect about two years

ago (June 1, 1941). While it has not improved in any way the curing methods in use by the packers that had long experience in the business, it certainly and undoubtedly was beneficial to a number of other plants that have only come into the business recently. We were getting regular cable complaints with regard to condition on arrival. After putting in our standard cure we went for a period of sixteen months without having one complaint with regard to cure. Then one particular plant experienced a little trouble due to inefficient help.

We also maintain an inspection service at Canadian seaboard. During the first contract, bacon was inspected on the other side. We had our inspectors over there. It was also inspected by the Ministry of Food and test-weighed by the Ministry and any claims for shrinkage were sent back from the United Kingdom. About the latter part of 1940, due to the difficulty of continuing test-weighing in United Kingdom ports under bombing conditions, and due to the desirability of facilitating unloading and getting these boats turned around as quickly as possible, all final inspection and test-weighing was henceforth undertaken on this side.

Since that date the bacon is test-weighed on this side and claims for shrink based on that. Final inspection also takes place here, both with regard to the grading and selection, and with regard to the condition and quality. In the case of inspection, where something is found wrong with the workmanship, or slightly off-condition, there are tribunals of three men at each port. These men are called in, and an assessment is made against the product. That assessment is credited to the British Ministry account. In the event that the condition is off so badly that it is considered that it would not reach the United Kingdom in edible state, of course the product is rejected and sent back to the packer who shipped it. I should like to stress that we continue to hold the packer responsible for the grading, the quality and the condition of his product, not only until it reaches the Canadian seaboard but until it reaches the United Kingdom and is distributed there. If we still get complaints later on from the United Kingdom for inherent faults that are not noticeable on inspection at seaboard, those claims are assessed back to the packer.

With respect to our inspection for grading, we undertake to examine 5 per cent of the bales. If in that examination we find one side was incorrectly graded or incorrectly selected, the inspectors are instructed to open another ten bales. If any further incorrect gradings or selections are found, then assessment is made against the whole car based on the percentage of incorrect gradings in the samples that have been examined. In other words, if the inspectors discover three cases of incorrect grading in fifteen bales, there would be an assessment based on the same percentage applied on the whole car. I have already described what happens in that inspection. If they found anything wrong with respect to the workmanship or condition, the Claims Tribunal is called in and an assessment made against the product and it is assessed back to the packer.

One other major item with which we have to deal is the question of storage, for two reasons. We are committed to more or less regular and uniform shipments for the reason that the United Kingdom requires regular shipments to maintain their bacon rations. As you know, hogs are not marketed in Canada in that way. We have a heavy run in the fall. We are now entering a short period and we have to store bacon in a period of heavy hog deliveries to level our shipments later on. We also have to store from current operations, depending on what shipping space is available. In other words, you cannot carry out a regular schedule. It has to be adapted to whatever ships are available.

I should also like to mention, because it has been quite a problem, the question of supplies. Probably the most outstanding example of that is the question of burlap. Normally the usual procedure is to wrap the Wiltshire sides

in burlap. As you know, that comes from India. Following the opening of hostilities in the Pacific area, supplies were cut off and we had to develop some other wrapping. By exploring this and making several experiments, we have finally developed a knit cotton wrapper; and like a lot of other things which have arisen out of the war, I think we probably have a better wrapper now than we had in burlap, which may prove of some post-war advantage. Burlap is only one of many other items that come into the processing and manufacturing of the product, for which we are dependent upon outside sources, and that have become in short position, and the Board has had to interest itself in ways and means of maintaining these supplies.

One other thing I should like to mention is the question of transportation. Normally it is quite a problem to transport a perishable product like bacon from, we will say, Edmonton across to England. In peace time, when you get regular transportation service, however, that is a fairly easy task. Under war conditions, however, there has to be taken into consideration the uncertainty of convoys arriving, the inadequacy of shipping space, and the difficulties that have been created on our own railways with the shortage of refrigerator cars, considering that we have stepped up our requirements of refrigerator cars about 75 per cent. Add to this fact that those cars are sometimes unduly held up. Normally a car runs from Edmonton to seaboard and is turned around in probably seven or eight days. That car is tied up to-day for probably three weeks before it is loaded and unloaded. I should like to mention that, due to the uncertainty of ships and the difficulties of transportation, it is taking us about six weeks to get bacon to the U.K., from the time it comes into the cure to the time it gets to the U.K. One week's put-down, 13,000,000 pounds, acquires about 250 railway cars in travelling to seaboard and takes about two weeks at an absolute minimum to get loaded. Thus we have in a given period as a minimum somewhere around 600 cars on the track or in transit. That is a minimum. We have run into periods where we have had 77,000,000 pounds of the product in cars, held up for three weeks. It is our job to see that this product does not perish, does not spoil; because there is no use of having the farmers produce the product if we cannot get it over to the U.K.

I am not going to go into any further details on our operations. I know that you gentlemen will have some questions to ask. But there is one broader aspect that I should like to mention very briefly to your committee. The general objective has been, so far as agriculture is concerned, to not disturb the normal economy any more than necessary and still meet war requirements. That is not always easy. The hog industry is a fine example. We have increased our hog production in Canada to the point where we now have 75 per cent that will be a surplus product as soon as the war is over. That implies that we should be looking forward to what we are going to do. We have either got to have a quality of product that we can export and have an export market, or we will have to readjust and reduce our production. For example, hog marketings in eastern Canada in 1939 were 2,087,000; in 1942, they were 2,455,000, an increase of 16·7 per cent. Our estimate for 1943 is 2,750,000, or if we can attain that objective, a 32 per cent increase.

By the Chairman:

Q. That is over 1939?—A. Over 1939. The real problem, though, is in western Canada, which has made a wonderful contribution to hog production. The marketings in western Canada in 1939 were 1,619,000; in 1942, last year, they actually marketed 3,777,000, or an increase of 133 per cent.

Q. Does that take in the three western provinces?—A. The three prairie provinces.

Q. Not British Columbia?—A. Not British Columbia, no. Our estimate for the coming year, if it is attained, is 4,750,000, or 193 per cent over 1939. The over-all increase in Canada over 1939 is 3,706,000. Actual marketings in 1942

were 6,232,000 or an increase of 68 per cent. If we obtain our objective for the coming year of seven and a half million hogs, it will just be approximately 100 per cent increase over 1939. That has created some problems for the Board in endeavouring to get bacon. For example, even if our domestic production or domestic requirements remained stationery—and as a matter of fact they are not because we are trying to reduce them—we would still have problems. In the pre-war period we were exporting 35 or 40 per cent of all our hogs. In 1940 we exported 60 per cent. In 1942 we exported 70 per cent of all our hogs; and if we obtain our objective this year, it will be 75 per cent. As between east and west, for the first four months of this year, 54·9 per cent of all the hogs slaughtered under inspection in eastern Canada were exported. But when you go to western Canada, where you have this tremendous increase in hog production, where you have a very limited domestic outlet, we have been actually exporting 88 per cent of all the hogs slaughtered in western Canada. That means we are dipping down very close to the bottom of the barrel. We are taking everything that is exportable. The only way that we can get any more bacon for the U.K. is to get more hogs into the packing plants that are suitable for export. We are taking every pound, even down to some classes of export product that we did not think should be exported. All the packers have left for domestic requirements is the residual quantities of extra heavies, sows, and those that are mutilated or bruised and so forth. I think you men will appreciate that when it is a fact that we are taking 88 per cent of all the hogs produced in western Canada, we are certainly getting down to the bottom of the barrel.

One other thought. The Board a year ago went out and we supported an appeal for heavier hogs. We have achieved some results in that respect but we realized when we did that we did it with our eyes open, that we probably were jeopardizing the quality of Canadian bacon. We have accomplished something in the way of getting more product due to the increase in average weights. In 1941 the average weight ran from 152 to 153 pound; in 1942 they were up to 157 and 159 pound; and at the present time for the first four months of 1943, the average is running from 162 to 164 pound per carcass, or about ten pounds more than in 1941. That extra ten pounds on an estimated seven and a half million hogs is 75,000,000 pounds of additional bacon which is something worthwhile in the way of a contribution. On the other hand, it has had a very serious effect on the average quality of our Canadian bacon. I think that our grading figures would indicate that. Our A-1 sizable—that is A-grade, No. 1 selection, 55 to 65 pounds—is the objective that we should work to. In 1940, 59·8 per cent of all our export bacon was A-1 sizable. In 1943, this year to date, we are down to 43·6 per cent. Or put it in another way—forget quality altogether and just take the question of weight. Of the weights between 55 and 65 pounds, in 1940 approximately 66 per cent of all our bacon was sizable. For the four months of this year to date we are down to 48·3 per cent. We have accomplished this with respect to the under sizable—that is, in the light weights —which are equally undesirable. In 1940 we had 17·1 per cent. That has been reduced to 2·7 per cent. But on the heavy end, we had 16·9 per cent over sizable. For the first four months of this year to date, 49 per cent of all the bacon we are exporting is over sizable weights. For that reason we feel that we have gone further than we should have gone as far as looking forward to the future is concerned, and therefore we would not be justified in further increasing the weights of hogs. There is one other point. It may not be considered a valid reason, but there is one other reason which I think is important and it is this. The United Kingdom specified in their agreement that they wanted pre-war quality. They did that for this reason. They wanted the highest possible nutritional value. They wanted lean bacon. The heavier hogs are invariably fatter; that is inevitable. In other words, if you increase the weight

of your hogs you inevitably increase the percentage of fat. And what the housewife in England to day is looking for is lean bacon. In peacetime she preferred lean bacon. In wartime it is a necessity, because when she presents a ration coupon for four ounces of bacon a week she does not want four ounces of fat, she wants at least a reasonable portion of nutritive protein in that ration. And for that reason, from the Ministry of Food's standpoint, that is from the standpoint of supplies for the United Kingdom, if they want fat and they do need fats it can be sent in the form of lard or secured as vegetable oils and things of that kind if necessary. Thus we have an obligation from the standpoint of war to try to maintain a reasonable standard of quality for our bacon.

Now, one word about our present contracts. We have committed ourselves this year to 675,000,000 pounds; that is 13,000,000 pounds a week. Now, we did not start purchasing on this contract until about the 21st of November of last year which did not give us much of an opportunity to create a stock pile in storage out of last fall's marketings. We therefore realized that we were not going to be able to maintain the 13,000,000 pounds a week during the spring and during the summer when our hog marketings were light, so we went to the United Kingdom and asked them the minimum they could get along with up until next fall, say until up to the end of September, when we think we will have lots of bacon for them. They said that while it would jeopardize their stock position and leave it below what they would like to have to be in a comfortable position, if we could maintain shipments of 12,000,000 pounds they would be satisfied. So we have morally obligated ourselves more or less and that is the minimum that is required to maintain the ration. If we fall down on that, the only alternative is for them to reduce the ration from four ounces to three ounces. Our progress to date is as follows: we have purchased up to the week ending June 19, 368,614,000 pounds, or an average of 11,890,000 —very close to 12,000,000 pounds per week, which is very satisfactory progress.

Now, if during the next two months and a half we experience the normally lighter hog marketings we would feel very happy if we were able to maintain this schedule of 12,000,000 pounds a week up until the end of September. If we are able to do that for the next twelve weeks up to the week ending September 11th, our total purchases up to the end of September will have to be 123,000,000 pounds, that is just about 10,000,000 pounds a week. But another way I can put that up so that you can understand what it means; during the same period last year we only got 67,000,000 pounds. In other words, we have got to get another 56,000,000 pounds over and above what we got last year, or 4,500,000 pounds a week more than we got last year; and that will probably indicate to you the reason for our anxiety in trying to divert as many hogs as possible to packing plants where we can make use of them so that during this period we can maintain this export volume.

By Mr. Matthews:

Q. How many hogs is that approximately?—A. To secure 10,000,000 pounds of bacon weekly, assuming 120 pounds of Wiltshire per carcass, requires about 83,000 hogs per week. To maintain shipments at the rate of 13,000,000 pounds requires about 108,000 hogs per week.

By Mr. Evans:

Q. Could you tell us what your marketings were last year during that period?—A. Around 90,000 per week on the average. However, there are some encouraging factors during the past eight weeks or so. Hog marketings have been running about 10 to 15 per cent over last year, and due to the fact that we cut down the quantity that may be sold in the domestic markets; we actually

have secured in the last eight weeks 20,000,000 pounds more export bacon than in the same period a year ago; so the case is not entirely hopeless.

I would just like to make two further observations: one is on the contribution we are making to food supplies in the United Kingdom in so far as meat is concerned. Before the war we supplied about 20 per cent of the United Kingdom's requirements of bacon, and the other 80 per cent came from continental countries supplemented by home supplies. Their total requirements under war conditions have been seriously curtailed and their home requirements to date are now set at 800,000,000 pounds a year; that includes their requirements not only for their own armed forces but for the Canadian forces and all the troops in England and the civilian population. We have undertaken to supply 675,000,000 pounds or 85 per cent. That will indicate the extent to which the United Kingdom is dependent on Canada. The balance of that is allocated to the United States; and through the difficulties that they are meeting there with respect to supplying other theatres of war it is very doubtful whether or not even the United States will be able to meet their commitments. In other words, there is no other place so far as I know that the United Kingdom can look, should we fall short in our bacon contract, to supplement their requirements from some other source.

Q. The production of bacon in the United Kingdom is practically negligible, is it not?—A. In so far as home supplies are concerned, it is negligible for two reasons; one, livestock production has been drastically curtailed because of the feed shortage; secondly, any hogs they are producing are being put into fresh meat market; and therefore they are dependent on us for bacon. They may be at times curing small quantities of bacon, but as far as the broad general picture is concerned, virtually all their hog production, and as I say, it has been drastically reduced in wartime, is going largely into the fresh meat supply and practically none of it is going into bacon.

I am not sure whether I have given you our contracts to date or not. During the first contract we shipped approximately 331,000,000 pounds and the price was $18.01. These prices are all 100 pounds Canadian seaboard; this is the British buying unit. During the second contract we shipped 425,617,000 pounds; and price at the opening of the contract was $15.82. Later, I think about the 1st of May, they increased that price by 5 shillings to $16.82; and it was during that period or subsequent to that that the Canadian government war appropriation of between 2 and 3 million dollars made possible further increases in price. I think I have the figures here—yes: during 1940-41 they raised the price to 85 shillings, or $16.82 on May 1st—then subsequently the Dominion government raised the price by an increase of 75 cents per hundred weight on June 2nd; 75 cents more on June 24th; and finally $1 on July 2nd again are for A grade Wiltshires. Now then the total; when the present contract is completed we will have shipped over two billion pounds of Wiltshire bacon to the United Kingdom since the outset of the war at an estimated value of around $396,500,000. In addition to that we will have shipped approximately 40,000,000 pounds of pork offals—kidneys, liver and tongue, mostly livers, having a total value of $4,300,000. We will have shipped 12,000,000 pounds of canned pork at an estimated value of $3,500,000; and 1,000,000 bundles of hog casings of a value of approximately $1,000,000; a total overall value of pork products of all kinds of $406,000,000—that will be as of the completion of our present contract.

And now, Mr. Chairman, I think that is about all the information I have to give the committee in the form of a statement. I admit quite frankly that I have not gone into the details, not because I did not wish to go into them or give you full information, but I think it would probably facilitate the work of the committee if further information was brought out through questions and answers.

The CHAIRMAN: Before we leave that, Mr. Pearsall, I see you have a statement giving in tabulated form some of the information which you have been placing before the committee. I think that should be read into our record, or placed in our record, so that we will have it all together in one picture. Is the committee agreeable that that should be done?

Some Hon. MEMBERS: Agreed.

SHIPMENTS OF BACON AND OTHER PORK PRODUCTS FROM CANADA TO THE UNITED KINGDOM UNDER FOUR BACON AGREEMENTS

Product	1st contract 1939–40	2nd contract 1940–41	3rd contract 1941–42	4th contract 1942–43[1]	World War II to date
Wiltshire bacon and cuts.....Lb.	331,481,636	425,617,941	600,013,007	675,000,000	2,032,112,584
.....$	60,860,000[2]	69,918,977	118,811,286	147,000,000	396,590,263
Pork offals.....Lb.	2,300,098	12,689,924	10,646,923	14,000,000[5]	39,636,945
$	234,378	1,286,750	1,123,452	1,665,000	4,309,580
Canned pork.....Lb.	.....	.....	6,007,536	7,000,000[3]	13,007,536
$	.....	.....	1,645,545	2,000,000[3]	3,645,545
Lard.....Lb.	.....	4,411,904	.....	.....	4,411,904
$	.....	375,012	.....	.....	375,012
Hog Casings.....Bdls.	.....	.....	452,808	500,000[4]	952,808
$	.....	.....	568,066	625,000[4]	1,193,066
Total Value	$61,094,378	$71,580,739	$122,148,349	$151,290,000	$405,113,466

[1] Figures for 1942–43 represent estimated volume and values on bases of contracts.
[2] Estimated.
[3] Estimated—no specified quantities.
[4] Negotiations incomplete.
[5] Includes only livers and kidneys—negotiations for tongues incomplete.

A COMPARISON OF FOUR BACON AGREEMENTS

	First Agreement 1939–40	Second Agreement 1940–41	Third Agreement 1941–42	Fourth Agreement 1942–43
Term of Agreement: Beginning.....	Nov. 1, 1939	Nov. 1, 1940	Oct. 12, 1941	Dec. 21, 1942
End.....	Oct. 31, 1940	Oct. 11, 1941	Dec. 21, 1942	Dec. 26, 1943
Date Agreement officially announced.....	Dec. 4, 1939	Nov. 14, 1940	Aug. 28, 1941	Oct. 2, 1942
Quantity contracted for—				
Total, mill. lb.	291·0	425·6	600·0	675·0
Weekly, mill. lb.	5·6	8·2	11·5	13·0
Percentage of Wiltshire sides specified per cent.....	65	75	75	75
Price per 112 lb. A Grade Wiltshires, F.A.S. Canadian seaboard shillings	90/8	80[1]	100	110
Price per 100 lb. A Grade Wiltshires, F.A.S. Canadian seaboard .....$	18·01	15·82[1]	19·77	21·75
Actual quantity of bacon shipped Mill lb.....	331·0	425·8	600·0	*
Inspected slaughterings—				
Total, 000 head	4,770	6,190	6,417	*
Ave. per week, 000 head.....	92	119	123	*
Hogs required for export—				
Total No. hogs ooo head.....	2,500	3,700	5,200	5,625
Ave. per week 000 head.....	48	71	100	108

* Not yet available.
[1] Raised to 85 shillings or $16.82 on May 1, 1941; during the 1940–41 agreement the Dominion Government raised the price paid to packers, by 75 cts. cwt. June 2, 75 cts. on June 24, and $1.00 on July 23.

The WITNESS: There is one point that the chairman mentioned to me at the outset that I should have covered, and that is as to the members of our board. Our board is comprised of four members, they are the same members as for what was formerly known as the Bacon Board: Mr. J. G. Taggart as chairman; then there is Mr. L. C. McOuat, agricultural agent for the C.P.R.; Mr. S. E. Todd, secretary of the industrial development council of the meat packers; and Mr. Adrian Morin, Deputy Minister of Agriculture of the province of Quebec. In addition to the Board we have an advisory committee which is made up as follows:—

Mr. G. H. Wilson—I think his address is Charing Cross, near Chatham, Ontario, a farmer;

Mr. John Harrold of Edmonton—he is a farmer;

Mr. W. J. Reid, for the maritime provinces—I am not quite sure of Mr. Reid's present status, he was at one time employed by the provincial government, but I think he is now operating on his own;

Mr. Fred Downing—and I believe he is manager of the Western Livestock Cooperative in Winnipeg;

Mr. J. Bisson—of Montreal, manager of the eastern section of the cooperative;

Together with the following three packer representatives:—

Mr. John Tapley of Swift Canadian Co.;

Mr. K. N. M. Morrison—he is the manager of the cooperative packing plant at Barrie;

Mr. John Burns, of Burns and Company.

They constitute the members of the advisory committee.

By Mr. Rickard:

Q. How many of these represent producers?—A. Well, Mr. Wilson and Mr. Harrold I know definitely are farmers, and, as I said, I am not sure of Mr. Reid's present status; he was with the provincial government but I understand that he is now operating a farm of his own.

By Mr. Perley:

Q. How often does the board meet with the advisory committee?—A. Not at any regular intervals. I think we have had seven or eight joint meetings since they were appointed.

Q. And, do you take any of their recommendations?—A. Very definitely —they are of considerable assistance to the board. For example, when we had to decide on policy in regard to increases in the weight of hogs; the producers' views on that was very worthwhile; and certainly very helpful in this regard. Then they come in on other board discussions with respect to operating problems, and they can then go back to their respective communities and have some knowledge of what we are doing. Of course I admit that on our day to day operations it is pretty nearly impossible to keep the members of the committee advised, because we have to make day-to-day decisions, and in so far as these immediate operations are concerned, they are not advised. But as far as broad policy is concerned they definitely are consulted and we try to keep them advised.

By Mr. Fair:

Q. On the Meat Board itself you have no representative of the producer, have you?—A. No.

By Mr. Aylesworth:

Q. These three farmers that you spoke of are producing hogs themselves, are they?—A. Mr. Harry Wilson is one of the largest hog producers in his area; I do not know how to appraise Mr. Harrold, but he raises a considerable number of hogs, whether he is a big hog raiser as Alberta producers go, I do not know; but I know he is quite a hog raiser.

By Mr. Cruickshank:

Q. How are they appointed?—A. By order in council on the recommendation of the Minister.

Mr. FAIR: Who recommends them to the Minister?

By Mr. Aylesworth:

Q. No one from Ontario?—A. Mr. Harry Wilson.

Mr. MATTHEWS: Mr. Douglas can give you the background of Mr. Reid.

The CHAIRMAN: I think we know who these gentlemen are in a general way.

By the Chairman:

Q. How many hogs would 2,000,000,000 lb. of bacon represent?—A. Approximately 17,000,000 hogs.

The CHAIRMAN: I was asking Mr. Pearsall if he could give us an estimate of the number of hogs it would take to fulfil those four contracts which he has mentioned and he gave me a rough estimate of 17,000,000.

Mr. PERLEY: Would you speak a little louder, Mr. Chairman?

The CHAIRMAN: I said I asked Mr. Pearsall if he could give an estimate of the number of hogs that were required to fulfil these contracts to the British government and he estimated it would take 17,000,000 hogs.

Mr. GOLDING: For the 2,000,000,000 pounds?

Mr. PERLEY: In the three years?

The CHAIRMAN: In the four years up to the end of the present contract. I thought perhaps it would be an interesting thing to have included along with the poundage and dollar value.

By Mr. Cruickshank:

Q. Up to date?—A. When we complete this present contract, which will be the end of this year.

By Mr. Fair:

Q. I wonder if Mr. Pearsall can give us the number of hogs raised in each province from 1942 and the percentage in each grade?—A. 1942?

The CHAIRMAN: I was going to ask Mr. Pearsall a similar question; perhaps we can get that set out a little later on.

By Mr. Rickard:

Q. How many representatives of the packers are there on the Board?—A. On the Board itself? Mr. S. E. Todd is the secretary of the Industrial Development Council of the Canadian Meat Packers, which is an organization of the packers themselves.

Q. You said there were three packers?—A. That was on the advisory committee.

Q. On the main Board itself?—A. The main Board is made up of the Hon. Mr. Taggart, Mr. McOuat, agricultural agent of the C.P.R., Mr. S. E. Todd, who is the secretary of the Industrial Development Council of the Canadian Meat Packers, and Mr. A. D. Morin, Deputy Minister of Agriculture for Quebec, and myself, as secretary-manager.

By Mr. Fair:

Q. I wonder why they did not find a place on that Board for a representative of the producers.

The CHAIRMAN: There are several representatives of producers on the advisory board. This is the administrative board that Mr. Pearsall is dealing with now.

By Mr. Cruickshank:

Q. Could not the producers be included in that?—A. I think I can answer that question. There are two views that you can take; one is that after all this Board is only an operating board, it is not a policy-determining board; but the essential factor is that when this Board was appointed in 1939 it was extremely difficult to know whether you could select a producer representative who belonged to an organization representing the hog producers in this country, that is the commercial hog producers.

Q. Is there not a swine producers' association?—A. That is a pure-bred organization and I doubt very much if the hog producers in this country would say that the swine producers' association adequately represented them, at least that is the view they have expressed to me.

By Mr. Wright:

Q. Do you think the Canadian Federation of Agriculture could not have furnished you with a representative?—A. I think their position in 1939 was a little different to what it is now.

By Mr. Perley:

Q. Was the Canadian Federation of Agriculture not organized at that time? A. I think certainly there was a Canadian Federation at that time the same as to-day.

By Mr. Cruickshank:

Q. Do you happen to know if they were consulted?—A. The only way I can answer that question is—not to my knowledge.

The CHAIRMAN: You are talking about producer representation. The province of Saskatchewan has come forward with one of the biggest proportional increases in production of any part of Canada, and selected as chairman of the Board was the Minister of Agriculture of that province who, I think, should be recognized as representing all interests.

Mr. EVANS: Mr. Taggart is a practical farmer as well as a scientific man; I cannot see why he cannot adequately represent agriculture from the producers' standpoint. If he cannot, I do not see who can do it.

The CHAIRMAN: That is not Mr. Pearsall's affair; that is the responsibility of the government through the Minister of Agriculture.

By Mr. Rickard:

Q. Did I understand three packers were represented on the advisory board? —A. Yes.

Q. And three producers?—A. Well, there are really five producers, and three packers. I want to have this noted, that one of these packers is, in my opinion, something more than a packer representative; he is also the manager of the co-operative packing plant at Barrie which represents probably as good an organized group of farmers as you can have. So there are three farmers' representatives, and those two trade representatives representing co-operative marketing organizations, namely Mr. Downing and Mr. Bisson.

By Mr. Golding:

Q. Mr. Pearsall, I wonder if you could tell us now if you have any comparable figures of packing plants, as to their actual cost of production and servicing the production, the actual cost of processing. What I mean is this: you may have plants that are very efficiently operated and you may have plants that perhaps are not as efficiently operated. Have you any knowledge of the processing cost?—A. Not definitely; that is a difficult question to answer, sir. Take a packing plant in Toronto; to-day hogs are worth shall we say, $16.75 in Toronto dressed. A farmer ten miles out of Stratford, if he had to send his hogs to Toronto could probably get $16.25. It costs about 50 cents to get them to Toronto. Now, you have a packing plant at Stratford. Their operating costs are probably greater than that of the packing plant in Toronto because of less volume. On the other hand, theoretically, they should pay the same price for export bacon as Toronto, as the freight rate to seaboard is the same; yet they can probably buy hogs at $16.50 and although their operating costs may be greater the farmer benefits to this exent, that he their operating costs may be greater the farmer benefits to this extent, that he would have to take the Toronto price. So I do not think I can give you any figures that would mean anything on operating costs. I can do this: we have some figures compiled and some facts we know. This figure is based on the average dressed cost of hogs in Toronto last week, and it was $16.80. A B-1 hog, weighing 175 pounds, at $16.80 would work out this way: the packer would pay $28.56 for it. The farmer would get that less whatever it cost him to get it to the market. That 175 pound hog would produce 132 pounds of Wiltshire bacon for which the price at seaboard would be $21.55 for 100 pounds, or a total value at seaboard of $28.45. In other words the packer actually pays more for the hog than he got for the value of the total export product at seaboard.

By Mr. Rickard:

Q. But he got all of the offals in addition?—A. I shall come to that. There is one other factor we know. It costs him approximately 48 cents to get the product down to seaboard because the freight rate is 35½ cents a hundred pounds. The net value of the exportable part of the carcass would be $27.97 at the packing plant. So the packer had a loss of 59 cents. Now he has in addition the value of his cutting credits; that is the head trimmings, the backbone, the liver, and so forth. They all have a set value given to them as indicated in a Bacon Board bulletin. The values of those constantly vary. The value of offal and the cutting credits would be higher at Toronto than at Winnipeg or Stratford. The best estimate of what they are worth to-day is somewhere between $1.95 and $2.05. On the other hand, you have to make certain deductions, for in all these figures there is no cost for the killing or operating charges or anything like that.

Q. That would not be the value if you went to the butcher shop to buy it. —A. No, it is quite true that would not be the retail value, that is the wholesale value going out of the packing plant.

By Mr. Cruickshank:

Q. What was that first figure, $27?—A. $28.45 at seaboard less freight.

Q. What would that be?—A. $27.97.

Q. And the packer got $1.45, he got $28.56 for the hogs—A. He got $28.56 for the hogs, actually at the plant $27.97, which shows a loss of 59 cents on that export operation.

Q. Then he has the offal.—A. Then he has the cutting and killing credits; that is the value of the heart, the kidneys and blood and everything else.

Q. What do you estimate that to be?—A. Somewhere between $1.95 and $2.05.

By Mr. Rickard:

Q. What is the cost of the operating expenses on the hogs, do you know that?—A. I do not know, it varies tremendously between packing plants.

By Mr. Cruickshank:

Q. The packer has $1.30 and he has to take the killing out of that?—A. He has to add on his cost of killing and he has to add to that the cost of processing and baling these Wiltshires.

Q. Roughly he would get $1. If the packer can make anything out of that he ought to get the O.B.E.

By Mr. Perley:

Q. Can you give me anything in the way of a comparison of the profits that the packer would have on a minimum weight hog and a maximum weight hog?. May I say there has been some argument to the effect that the farmer should be allowed to produce a heavier weight hog because from the standpoint of the farmer the last 25 pounds are cheaper to put on than the others, especially with the hogs in the pen.

The CHAIRMAN: You will have to speak louder.

Mr. PERLEY: I thought I was speaking pretty loudly.

The WITNESS: The only way I can answer that question is this, that I have already put on the record the prices that we are paying. For example, we are paying $21.95 for top grade Wiltshire; if the hog is a heavy hog there will be $2.50 per hundred pounds off anyway.

By Mr. Perley:

Q. Off the heavy hog?—A. That is, we are paying for the heavy Wiltshires $2.50 per cwt. less than we do for a sizable Wiltshire.

Q. You do not make the same grade of bacon, so to speak, out of the light hog as you do from a heavy hog, or do you make so much Wiltshire bacon out of every hog?—A. No, you must understand that as far as Wiltshire bacon is concerned it is practically the whole hog. When we speak of bacon for export you are taking virtually the whole hog.

Q. Coming down on the train were two or three representatives of the packers. I had a little conference with them and they had samples of bacon there. They told me they could make practically the same grade of bacon out of any weight of hog, that is, out of a 250 pound hog they could take so much of this premium bacon?—A. Were they talking about export or domestic bacon?

Q. I think for export.—A. They certainly cannot do that in so far as export is concerned. They might possibly change the weight of the hog by one or two pounds but certainly not any more than that because export Wiltshire is the whole hog with its head cut off, feet cut off and the backbone removed. That operation is done under inspection. We prescribe how it shall be done. We have a book "Canadian Standards for the Preparation of Wiltshire Sides and Cuts." That sets forth all the details and if any members of the committee are interested in the technical end of it I would be pleased to supply enough copies of that to go around, but you certainly cannot take a heavy hog and make an export Wiltshire out of it.

Q. How about the next grade of bacon below that?—A. The same thing applies.

By Mr. Aylesworth:

Q. Does a B-1 carcass make as good. Wiltshire side as the A grade?—A. The main difference between the A and B is as far as selection is concerned. When I am talking of selection, I mean the percentage of fat. A B-1 carcass would be the same as A grade as far as the amount of back fat is concerned. Whether it is A or B carcass would depend on probably three of four things, first of all the type of hog. If the hog had a heavy shoulder it would go into B. It would not go into A.

By Mr. MacDiarmid:

Q. On a 250 pound hog you can get No. 1 becon but you cannot get the percentage on a 250 pound hog that you can on a 200 pound hog. You will get some first class bacon, will you not?—A. No, because for export the whole hog is taken.

Q. I know, but you could separate it and get part of that 250 pound hog that would be No. 1, but the percentage of No. 1 bacon in a 250 pound hog would not be as high as in a 200 pound hog?—A. Do you mean a certain cut like a ham?

Q. You can get some premium No. 1 bacon in a 250 pound hog that would be just as good and the same grade as in a 200 pound hog but not as high percentage?—A. If you are talking about the domestic market, yes, but as far as the export market, no. As far as the domestic market is concerned we are not interested in the grade of it at all. It is quite possible they can take a heavy belly and make what they call a No. 1 premium belly out of it for the domestic market.

Q. But in the whole 250 pound hog there are some parts of that which, if they were cut out, would be just the same as in the 200 pound hog?—A. In the domestic market, but not for export.

By Mr. Wright:

Q. Could not the English butchers do the same cutting of our bacon after it arrives in Britain as our people do here?—A. No, it is processed and handled in an entirely different way. A Wiltshire side is a hog just split down the centre with all the rind and the fat and everything. The head is removed and the backbone removed. They call the whole hog bacon. When we speak of bacon here we generally refer to breakfast bacon, which is the belly cut, or trimmed loin which is back bacon.

Q. What I am getting at is before this bacon is put on the British market could not the British people themselves trim that bacon so that first class bacon would go on the market?—A. No, they do not. That is why it is essential that we should have our bacon not too fat because the British housekeeper buys that exactly the way it is. If you go to buy a rasher of bacon you take a slice off, rind, fat and everything. It is not trimmed in any way. That has always been the practice in the United Kingdom.

By Mr. Cruickshank:

Q. The reason is because they are accustomed to that class?—A. That is the way it has always been done.

Q. Because they are accustomed to it?—A. Yes.

Q. In times like these could they not get accustomed to a little bit more fat?—A. I cannot answer that question. They probably have. There is no question about it they have eaten a lot more fat because we are shipping fatter bacon.

Q. We were told in the house by the minister, if I remember correctly—and I can see the reason of it—that we wanted to maintain our grades for after the war purposes?—A. Yes.

By Mr. Cardiff:

Q. How many grades are accepted by the United Kingdom in this contract? —A. Our contract calls for A and B.

Q. Just two grades?—A. Just two grades, and they do not differentiate between selection or weight at all. They will take them from 45 pounds to 80 pounds. That would be from hogs—I am just taking a guess—about 170 to 240 ponds.

By Mr. Hatfield:

Q. Why do you have fourteen or fifteen grades here?—A. That is the normal peacetime practice. As I tried to state at the outset if we had paid a flat price for all qualities and all weights we would do away absolutely with all the work we have done in the past twenty years. In other words, the quality of our bacon would deteriorate very quickly.

By Mr. Wright:

Q. You stated that you sell to Great Britain two grades' A and B, but you yourself buy from the packers fifteen grades of A and fifteen grades of B?—A. Right.

Q. What is the loss or gain to the Board in this process?—A. That has varied. We have tried to estimate it. I have not the exact figures shown on the financial statements, but during each contract we have created some surplus after deducting our cost for storage, and so forth.

Q. What was that amount in the 1942 contract?—A. I cannot tell you the exact figure. I should hardly put this on the record because I have not got the figures but I think it was about $1,300,000.

By Mr. Cardiff:

Q. The reason the Board follows that practice is to try to keep the grade up?—A. Yes.

By Mr. Wright:

Q. What is done with that surplus?—A. What happened with respect to that particular surplus was that last fall our contract with the United Kingdom expired about the end of September, but at this time we still had some 70,000,000 or 80,000,000 pounds of product remaining to buy on our old contract. In our new contract as announced we had an increase of 10 shillings or from $19.77 to $21.75 per 100 lb. As soon as the contract was completed and we knew that the new price had a 10 shilling increase we increased the price by 10 shillings immediately and the farmer benefited all during the fall. In other words, they had this year's contract price from October 1 whereas if we had not had any reserve the lower prices would have continued in effect until we completed the purchases around the 21st of November.

Q. Could you put on record what that meant to the farmer during that period so that we would have it?—A. About the only way I could put that on record—and I have not got it here—would be to take the hog prices that were in effect, we will say, at Toronto and Winnipeg prior to that and what they were after to show the extent the farmers benefited.

Q. You stated that you purchased bacon during 1942 from twenty some firms?—A. Thirty-four firms.

Q. Could you give us the names of those firms and the amount purchased from each of them and put it on the record so we will have that?—A. I cannot give you—

Q. During the 1942 contract?—A. I cannot do that to-day. I can get the information for the committee though.

Q. Yes, if you would.

By Mr. Hatfield:

Q. You only have one in the Maritimes?—A. Yes.

Q. Why is that?—A. Essentially two reasons; one, there are only two inspected firms down there; secondly, the Maritime Provinces as a whole are a deficit hog producing area. As a matter of fact, one firm in the Maritimes has shipped very little bacon. It has only been occasionally when there has been a surplus that they ever exported.

Q. What are the names of the two firms?—A. Swift Canadian at Moncton and Davis and Fraser at Charlottetown.

Q. What about Davis and Fraser at Halifax and Slipp and Flewelling at St. John?—A. No. Those I have mentioned are the only two plants under federal inspection. We are limited to purchasing from federally inspected plants, because we cannot export otherwise.

Q. What about Davis and Fraser at Charlottetown?—A. We would be quite prepared to buy from them any time they wish to offer us any product.

By Mr. Rickard:

Q. Do the packers go by the standards you set absolutely?—A. Yes.

Q. The reason I asked that is this. If a hog is one pound or two pounds over the weight or under the weight, the farmer gets docked for that.—A. Yes.

Q. Does that bacon all go into the same grade? The argument is, of course, that the bacon all goes into the same grade.—A. The two grades. For instance, I illustrated that we have fifteen different grades and selections. There are only about four or five grades which they do buy from the farmer. You cannot perfectly synchronize carcass grading and export grading. But on the question of weight, there is a certain amount of latitude in our carcass grading. For instance, in A-grade hogs we will take weights from 140 pounds to 170 pounds.

Q. What about it if a hog is 171 or 173 pounds?—A. A hog, to get into the sizable grade, would have to weigh somewhere between 142 and not more than 167 pounds. In other words, there already has been some latitude. A hog that is 172 pounds is five pounds over-weight for a sizable Wiltshire, not just over-weight by one pound.

Q. Not according to the standards you allow the packer.—A. As far as we are concerned, we do not care what the packer bought them from the farmer as. He has got to put them into the Wiltshire grade so that it qualifies then.

By Mr. Wright:

Q. Would he be able to buy a hog at 173 pounds, say, and give the farmer a deduction and then in killing cut that extra pound off and sell it to you as grade-A?—A. He might cut half a pound off. You could not cut two pounds off.

Q. You could not cut two pounds off?—A. No. I am not going to say he could not cut half a pound off.

Q. It would be fair to say that he could cut half a pound off?—A. Yes.

Q. Or a pound or two pounds or maybe up to five pounds?—A. Very definitely no. The only place he could cut five pounds would either be off the belly or off the neck.

By Mr. Fair:

Q. You could take a good slice off the neck?—A. Yes.

By the Chairman:

Q. In the end, what market is there for this at the present time? Is it the export market or the domestic market? That pig, if it did not come up to that grade, would go on the domestic market. I mean to say, if it was not fit for some export grade.—A. Yes, the domestic market.

Q. It goes on the domestic market?—A. Yes. Only we limit the quantity you can put on the export market.

Q. You are not going to put definitely off-grade hogs in your export market? —A. When you get to that point where we are taking 88 hogs out of every 100 hogs in western Canada, we are taking practically everything exportable.

By Mr. Aylesworth:

Q. You are even taking heavies?—A. Taking heavies, taking extra heavies.

By Mr. Perley:

Q. Of the 17,000,000 hogs, could you give us a breakdown of the amount from each province?—A. What is that?

Q. You said there were 17,000,000 hogs required. Could you give us a breakdown of the number from each province?—A. From which?

Q. I understand the chairman said you were going to get that?

Mr. CRUICKSHANK: He said he was going to get it.

By Mr. Golding:

Q. You have in every packing plant your own graders to grade the hogs on the rail?—A. Yes.

Q. They are there really to protect the producer?—A. That is their primary responsibility.

Q. They are paid by whom?—A. Paid by the dominion government.

By the Chairman:

Q. I was going to ask a question which some gentleman over here started to ask a little while ago, and just follow it up. The question I have in mind has to do with our standards and the maintenance of the quality of our hogs as reflected in the gradings. You have mentioned that you are taking now in this contract out-of-weight hogs which may mean that the grading records are not as complete as they should be in that regard. What I am getting at is this. I noticed a few days ago in a return that I saw where the percentage of A-grade hogs in Ontario was much higher than it was in the western provinces. What I am coming at is this. Are the grades of our local hogs in western Canada or in all Canada standing up or have they declined in quality since this increased production developed?

Mr. GOLDING: Increased weight.

The WITNESS: They have declined. I think this increased weight has seriously affected the quality of our hogs. In Alberta in 1941, 30·5 per cent of all the hogs graded were A-grade. In 1942 that was down to 25·8 per cent. I am satisfied myself there is only one answer to that and that is the increased weight, because there is a bigger increase in the average weight of hogs in Alberta than anywhere else in Canada.

By Mr. Fair:

Q. Could you give the grade for Ontario?—A. Yes.

Mr. PERLEY: And Quebec and Saskatchewan.

The WITNESS: Saskatchewan, for 1941, 29·2 per cent. You will note there is not the same decline in Saskatchewan.

By Mr. Perley:

Q. Would you give us the grade?—A. That is A-grade: 1941, 29·2 per cent. In 1942, 28·7 per cent. In Manitoba, virtually the same: 1941, 25·4 per cent; and in 1942, 25·3 per cent.

By the Chariman:

Q. On the matter of Manitoba hogs, is that for hogs originating in Manitoba or would those be some from outside of the province?—A. Those are hogs originating in Manitoba.

Q. I think this would be an interesting statement to have included in the record. What does the committee think with respect to that?

Mr. GOLDING: Have you got the province of Ontario there?

Mr. PERLEY: Saskatchewan stood up pretty well.

The WITNESS: For the province of Ontario in 1941 it was 35·1; and in 1942, 35·8 per cent.

By the Chairman:

Q. On that point there, is there any explanation of why Ontario hogs should be grading higher than hogs in the western provinces?—A. Yes. I have not got the figures here because I have not carried that through, but I think you will find the explanation of that definitely if you will look at the grading of Alberta hogs. You will find that there has been a very substantial increase in the percentage of B-3 and heavy hogs. In other words, they have moved out of A-1 into these heavier grades and you will find the same thing happening to the same extent in Ontario. In other words, the average weight of the hogs in the west is about eight pounds higher than in the east at the present time.

Mr. CRUICKSHANK: The hogs feed better.

Mr. AYLESWORTH: You mentioned a moment ago that the average weight had increased about ten pounds per hog. Can you give us there what the average weight has increased, if any, in Ontario, or has that increase just been in the west?

Mr. CARDIFF: I think the fact remains that Ontario has been producing hogs much longer than the prairie provinces; that may be one answer to the question.

The CHAIRMAN: I think, Mr. Cardiff, that you are right. I think it is important to consider it in the light of the whole hog-producing industry of this country. I am just wondering along with that if we are giving sufficient attention to the question of our foundation breeding stock, to maintain the quality of hogs required to fill a contract of this importance. I do not interject that for the purpose of considering it in a discussion that has to do largely with marketing. But I believe there is something to the point which you raised there, that the foundation herds in Ontario may be more stabilized than they are in western Canada; and with this greatly increased production in western Canada, it looks as if our people were not paying the same attention to breeding as they are in eastern Canada.

Mr. AYLESWORTH: In Ontario we have been a long time in the business of producing hogs and should not expect the west, which have gone into the production of hogs to the extent which they have in the last three years, to be as efficient as we are.

The CHAIRMAN: Yes. But a lot can be done with respect to establishing a sound foundation stock that is satisfactory for breeding purposes, in the matter of hogs.

By Mr. Cardiff:

Q. I should like to ask Mr. Pearsall another question. Has the board given any consideration as to what effect the lateness of the spring and the small acreage seeded will have on the production of hogs for this year?—A. We are seriously concerned about that. Really the solution of that problem, of course, is not within our province. That has to do with the production end. But we are well

aware of the fact that the crop situation, or the prospect for the crop situation in Ontario is going to have a very definite reflection on our prospective hog production. In other words, we are advised that farmers now, because they do not see the feed in sight, are liquidating their sows and in some cases liquidating the young pigs. In other words, some steps need to be taken to assure these people that the feed will be available to finish these pigs. All I can tell you is that we have stated our views and we believe the matter is being handled—I do not know what advice or information Mr. Presant gave you, but I think an order in council has been passed. I do not know what the terms are, but I think it provides for paying a straight subsidy and probably storage costs. The objective is to get adequate feed supplies down into the east so as to provide some assurance that there will be feed to finish raising these hogs.

Mr. GOLDING: That was given out by the Minister.

By the Chairman:

Q. Would the fact that there was a plentiful supply of feed in western Canada—particularly in Alberta—which they were finding difficult to market elsewhere, not be an explanation for the heavier weight of hogs coming to the market?—A. Oh, I think so. Answering this member's question in regard to weight, I can give you this information; last week the average weight of hogs in western Canada was 164·5 pounds; and in the east, 156·3 pounds.

By Mr. Aylesworth:

Q. What I wanted to know was this. Has the average weight of hogs in Ontario increased?—A. No. I would not think so.

Q. No?—A. No. There is about eight pounds difference now. In other words, western hogs are eight pounds heavier than eastern hogs.

Q. But since the Board has allowed a little heavier weight of hog to go in; in other words, they have taken the B-3.—A. Yes.

Q. That has not affected us any in the average weight increase in Ontario like it has in the western part of Canada.—A. I do not know that that follows. I am afraid I have not got your point. I think there would be the same effect in the east as in the west.

Q. It could not very well have the same effect if the average weight in Ontario has not increased.

By Mr. Perley:

Q. The average weight has decreased by eight pounds in Ontario?—A. No.

Mr. AYLESWORTH: Yes.

The WITNESS: I have not got the figures, but I would say before any steps were taken to increase the average weight of hogs, the average weight in Ontario was 142 pounds and now is 156 pounds; and in the west you would find perhaps where the average was about 155 pounds they are now up to 164½ pounds.

Mr. FAIR: Mr. Chairman, when you take into consideration the cut in the price of the B-3 as compared with the A-1, is the farmer who produces a heavy hog making or losing money by putting on that extra weight?

Mr. AYLESWORTH: Making money.

The WITNESS: On B-3 there is no discount; and as a matter of fact, in taking that export product from the packer there is a very heavy discount on it. But as far as the farmer is concerned, there is no discount on B-3.

By Mr. Fair:

Q. So you think the farmer would be farther ahead to feed heavy enough to get into the B-3 grade?—A. Yes. I do not think there is any question about that.

By Mr. Rickard:

Q. That is at the present time?—A. At the present time.

Q. But in future perhaps it will not be so.

By Mr. Golding:

Q. If everybody did that what would happen?—A. If everybody did that we would just have that much more trouble.

By Mr. Wright:

Q. Do you not think a graded deduction rather than a straight deduction of a dollar for quality would be better? Would that not be more satisfactory to the producer? I know that the producers are kicking strenuously about the fact that if a side is one pound over, the deduction is made. I think you said the 167-pound hog was the maximum, and I think it would be better if you had a little more leeway there, if you said it would take in between 165 and 170 pounds.—A. There might be some merit in that.

Q. It seems to me that that would satisfy the producer more than the present system does. I know that I hear a lot of kicking.—A. We hear it too; continuous complaints about the fact that if a hog is one pound over the deduction applied.

Q. That is a point I think; a graded deduction would work better than a straight deduction such as we have at present.

By the Chairman:

Q. Somewhat along the same line, I do not know whether you want to answer this or not; do you think you require as many grades of hogs in order to accomplish your purpose as is now the practice?—A. You are speaking now of carcasses?

Q. Carcasses—grades of hogs.—A. There are two approaches to that, two fields of thought. We discussed this at various provincial producers' organization meetings. There is one field of thought that takes this view; that you have your export bacon grades correspond to the carcass grades. In other words, that when a hog is graded for the farmer it should be the same as when it goes for export. You follow that through to its logical conclusion and you run into this operating problem. That is, you have a minimum of about 30 different grades and selections for export, and that would make it almost unmanageable. In other words, you could hardly have 30 different grades; that is on account of size or anything else. That is one view and as I said there are very strong proponents for that field of thought. Then there is the other field of thought, which is probably borne out in the suggestion by your chairman: that is to restrict the number of carcass grades and absolutely disregard export bacon grades. There are people who are critical of this—there is always this question of the farmer getting different grades from the packer. Frankly, I think there is merit in both arguments, and those are the two fields of thought. Frankly, my own view is this; I do not see how you can set up a system of carcass grading that would tie up with your export grades. I think it would be absolutely unmanageable and too complicated. On the other hand, I do not know how to answer the farmer who comes in and says that he should have the same grade as the packer gets.

By Mr. Aylesworth:

Q. The grades as given to the packer,—are they any more adequate than the grades given the farmers—the rail grade or the live grade?—A. No, definitely not. Probably just one observation would answer that. I said at the outset that at present 49 per cent of our export bacon we are exporting

represents the heavier grades of product while at the same time we are exporting 75 per cent of our hog production. Farmers are not discounted for 49 per cent of hogs marketed by any means.

Q. The point is, is it a fact that when the farmer producer or shipper ships in a bunch of hogs and is not satisfied that his hogs have been graded properly, is it not a fact that you do not allow another grader to come in and grade those hogs?—A. That is quite true, yes.

Q. And not even if the grade is nowhere near being a fair or accurate grade?—A. I would not say—

Q. Is it not a fact that no two graders can go into a pen or even on rail and grade the same hogs exactly the same?—A. That is quite true.

Q. It seems to me that the whole thing is quite similar as going into a tearoom where there are two teacup readers and one teacup reader has read your cup and you turn around and ask the other reader to read it, they will absolutely refuse to do so because they know they cannot tell you anything that will correspond very closely with what the first one has read. I think the same thing applies to hog grading.

Mr. GOLDING: No, it is not as bad as that, I know.

The WITNESS: I think that is a little exaggerated. I do not think all hog grading is as exaggerated as fortune-telling.

Mr. AYLESWORTH: Well, my experience is that it is.

The WITNESS: I would say this, that there is always a difference of opinion as between individuals.

By Mr. Aylesworth:

Q. I would say that in my opinion it is only decent and fair to the producer or shipper where he feels when he is shipping to a point that he is not satisfied with the grade; I think he should be allowed to have those hogs regraded.—A. There is a practical problem in that. We are operating a policy of inspection right across the Dominion; and when I made a definite answer on that point a short time ago that we do not allow regrading, that is true, yet it is not true; if we get a complaint about grading we investigate it; and here is your problem—

Q. You investigate but you do not regrade.—A. Take Stratford, we have one grader there; so if your packer, your farmer or anyone else is not satisfied with our grading, who are you going to call in? We cannot do it there, and if we cannot do it there why should people coming to Toronto where there are three abattoirs and where we have three grades, why should they be permitted to call in another grader?

Q. It is quite noticeable where there is only one grader that after he is there for some time and you are shipping hogs in say every week to your point that you can always notice that if the market is running a little heavy for the packer that the price is adjusted to the price he feels he should be paying and you are not satisfied with your grade nine times out of ten. On the other hand, if the market is rising a little and the packer is quite anxious to get them nearly always you are satisfied with your grade?—A. You say, you are dissatisfied with the grade—who?

Q. I mean the producer, the shipper.—A. You are implying that the market price has some influence on the grade?

Q. I am not implying, I am stating that nine times out of ten it will happen that way, and I often wondered why it was.—A. I think I can produce statistics to absolutely disprove that theory, because we have had that—

Q. I can produce to you statements which absolutely prove that it is right. —A. You may have statements, but they should be based on fact.

Q. The proof is in the price of your bacon hogs.—A. List your prices each day and list your gradings and you cannot get any facts to substantiate that.

By Mr. Rickard:

Q. Does that hold true with rail grading the same as it does with live—

The WITNESS: I would be glad to produce statistics on that if there is any question on it. I am prepared to give it any time.

By Mr. Cruickshank:

Q. Don't you shift your carcass graders around?—A. Yes.

Q. We find exactly the same in British Columbia when a man stays too long in one place.—A. We try to move our men around in so far as it is practicable to do so. In points like Winnipeg and Toronto we shift our men from plant to plant weekly.

Mr. GOLDING: How long does he stay there?

The WITNESS: Well, if he is a married man he has to stay there a reasonable length of time, you cannot be moving him continually.

Mr. GOLDING: I think there is one thing that is stirring people up; or, at least, has them wondering: you talk about that wide fluctuation in price day to day and week to week, and the hold-up is this point, that your bacon price is a set price and yet the other prices fluctuate from day to day. I know I hear a lot of complaint about that.

Mr. EVANS: What is the reason for that?

The WITNESS: I am sorry, I cannot answer that.

Mr. PERLEY: I know that the shippers do have some complaints.

By Mr. Hatfield:

Q. What control have you over the packer?—A. We do have special authority in that we can set a minimum price should that seem desirable. We have at different times considered whether that would be advisable but the thinking to date has been from the experience with other commodities that once you set a minimum price that minimum price becomes the price.

Q. Is this price f.o.b. seaboard?—A. F.o.b. seaboard. And now, following further the question of what controls we have; we require each packer each week to file with us a statement, and we have these records complete, as to what their hog costs are; we know the total number of hogs bought and the grade for each, because we get that regularly all the time from the packers. With respect to the principal question as to why hog prices fluctuate, I am not going to attempt to answer that because I do not think I can. There may at times be certain factors that will affect the price; and while it is true that we have a set price for export and it is a uniform price and quite a percentage of the pork is going to export, it would seem that that was the dominating, or should be the dominating factor in setting our prices; or, a more prominent factor than it appears to be. On the other hand you have this factor, that the domestic market is still an important feature and that the domestic market does not have the same stability. During the period last summer when we were getting only relatively small quantities of bacon—something like 67,000,000 pounds—the packers, owing to the short hog run were getting a higher percentage in the domestic market and at the same time the market was relatively profitable; and if you recall last summer hog prices were fairly high throughout the summer and then we came along and said to the packer you have got to deliver more of the product for export, and that in turn put more into the low price field and less into the profitable domestic outlet; and that is the answer to why hog prices dropped last fall.

Mr. RICKARD: And, does not the local butcher come into that too?

The WITNESS: Yes. And another thing. There has now been a domestic price ceiling put into force and I think that has had a tendency to soften prices; and then also there was what has been termed a "black market". Then, since the point has been raised, there is another factor on these quotations, on some markets at any rate, and that is that high quotations do not mean much as far as hog costs are concerned, because we get figures on hog costs each week; and you compare those with the market reports and at times there is not a great deal of relationship between them. And we have considered the advisability of whether or not we should consider publishing dressed costs rather than hog prices just for that reason to get these facts on the table.

By Mr. Perley:

Q. You have given us a statement as to the percentage of grades in the different provinces, could you give us a price on the hogs delivered in each of the provinces?—A. Yes.

Mr. FAIR: Perhaps that could be put on the record.

The WITNESS: Yes, I could give you that information; I have it right here from 1923 to date.

Mr. FAIR: If you were to put that on the record, perhaps that would satisfy Mr. Perley.

Mr. GOLDING: Coming back to that point, which I would like to follow up—

Mr. PERLEY: Mr. Chairman, is that statement going on the record, or, are you going to give it to us now?

The CHAIRMAN: I think, in answer to your question, that this table should be placed on the record. It goes back to 1923; do we need to go back that far?

Mr. PERLEY: No, I just want those figures for these years.

Mr. FAIR: 1929 I think would be more desirable.

Mr. PERLEY: 1939 will be good enough for me.

The CHAIRMAN: To what year would the committee wish to have the figures put on?

Some Hon. MEMBERS: 1939.

The CHAIRMAN: We will have that paper put on the record.

By Mr. Perley:

Q. Could you give us the percentages of grades—I think you said Saskatchewan in 1941 was 29.02 grade A; and in 1942 28.07 grade A. Now, Saskatchewan kept up pretty well, then Manitoba—could you give us the volume for those years so that we will have an indication of the increase in production; and also the grades delivered?—A. I can give you those grades for Saskatchewan right now: in 1941—these are the hogs originating from the province of Saskatchewan for the calendar year 1941—857,023 hogs; in 1942, 964,632.

Q. Could you give us the deliveries in Alberta?—A. In Alberta, 1941—1,947,043; and in 1942, 2,182,326. Manitoba, 1941, 526,111; 1942, 578,059.

By Mr. Rickard:

Q. Ontario?—A. Ontario, 1941, 2,326,623; 1942, 2,021,562; Quebec, 1941, 450,840, with a grading percentage of 28·7; 1942, 347,707, percentage of A grade 30·4.

Q. Right on that point, have you the percentage of select hogs?—A. There are no select.

Q. The farmers are paid so much for select hogs.—A. These are select hogs, that is A grade carcasses.

Mr. CRUICKSHANK: Why cannot that schedule back to 1929 be made available? We have the information, so why not let us have it?

Mr. PERLEY: It has no value.

Mr. CRUICKSHANK: A member says it is of no value; I think it has value to know what the farmer got in the depression years. I am particularly interested in knowing what he got in depression years.

The CHAIRMAN: This has to do with marketing and grade. I think it would be satisfactory to the committee if we had the information since these bacon agreements were entered into with the British government.

Mr. CRUICKSHANK: As Mr. Pearsall has it all right there, why not put it on the record? Is there any objection to it?

The CHAIRMAN: No objection except this, it will be more detail on the record which I do not think applies to the same extent to-day. We could easily put it on for that period if it is the wish of the committee.

Mr. PERLEY: We are interested in the bacon agreements.

The CHAIRMAN: Since the period of the bacon agreement was initialed.

Mr. PERLEY: The point I want to make is this: the western provinces have stood up very well under the request made to them to increase production. They have all very considerably increased their production. I think the important point to keep in mind also is that they have built up their percentages.

Mr. GOLDING: They have done very well. I wonder if we can get back to the point—

The CHAIRMAN: Let us settle this question now. Shall we put on the record information with regard to the period since the bacon agreement was initiated with the British government?

Mr. FAIR: Back to 1929 would be better, as all it costs is the ink, the paper and a little cost for typesetting. I think we ought to have the information.

Mr. CRUICKSHANK: What harm does it do; it is all right there?

The CHAIRMAN: Very good.

HOG GRADINGS ACCORDING TO ORIGIN

BRITISH COLUMBIA

Carcass Grading

Year	Total	A %	B %
1940	6,165	23·0	51·1
1941	32,769	32·5	48·5
1942	31,875	32·1	51·7

ALBERTA

Live Grading

Year	Total (Bacons after 1929)	*S.B. %	*T.S. %
1923	404,860	2·4	73·0
1925	618,186	3·5	70·4
1930	628,935	6·0	21·0
1935	953,495	18·5	39·0
1936	981,490	22·6	38·7
1937	788,827	24·9	36·8
1938	490,030	32·5	40·4
1939	590,219	36·0	47·4
1940	540,316	32·7	52·4
1941	.....	....	....
1942	.....	....	....

Carcass Grading

Year	Total	A %	B %
1935	.....	....	....
1936	48,819	31·7	47·9
1937	191,445	29·4	47·1
1938	292,808	31·2	49·4
1939	389,673	29·1	56·9
1940	945,066	27·2	58·0
1941	1,947,053	30.5	55.5
1942	2,182,326	25·8	57·3

SASKATCHEWAN

Live Grading

Year	Total (Bacons after 1929)	*S.B. %	*T.S. %
1923	197,618	4·8	63·9
1925	340,366	4·2	54·1
1930	314,579	5·1	17·0
1935	440,418	16·2	34·4
1936	542,525	16·5	34·3
1937	482,866	14·8	29.3
1938	137,625	20·1	32·4
1939	175,832	23·8	39·6
1940	152,075	23·8	38·7
1941	.....	....	....
1942	.....	....	....

Carcass Grading

Year	Total	A %	B %
1935	85	30·5	45·8
1936	27,472	26·8	43·5
1937	85,327	20·5	41·7
1938	79,501	22·8	47.3
1939	136,356	23·3	55·1
1940	496,863	27·0	53·8
1941	857,023	29·2	51.9
1942	964,632	28·7	51·2

MANITOBA

Live Grading

		%	%
1923	155,937	8·2	62·3
1925	259,436	7·4	58·4
1930	200,131	14·4	26·4
1935	211,825	18·4	37·5
1936	255,377	17·1	37·6
1937	228,837	17·1	37·3
1938	196,705	19·3	41·6
1939	260,066	21·3	46·3
1940	261,871	24·9	43·5
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		%	%
1935	.....	....	....
1936	12,299	29·6	46·3
1937	26,809	24·6	45·6
1938	53,350	25·2	47·6
1939	67,146	23·7	55·9
1940	248,818	26·2	53·2
1941	526,111	25·4	52·7
1942	598,059	25·3	52·2

ONTARIO

Live Grading

		%	%
1923	1,506,279	21·1	55·3
1925	1,486,439	24·4	59.9
1930	1,053,868	24·7	52.5
1935	1,056,454	31·6	49·9
1936	1,291,352	31·6	49·9
1937	1,133,741	30·6	49·2
1938	897,435	33·4	49·9
1939	497,662	32·0	52·8
1940	180,568	26·5	54·2
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		%	%
1935	97,098	35·8	49·4
1936	286,267	38·3	47·8
1937	579,294	34·7	47·8
1938	733,927	34·0	52·2
1939	1,170,288	32·5	56·2
1940	2,010,888	29·1	58·2
1941	2,326,623	35·1	55·2
1942	2,021,562	35·8	55·3

QUEBEC

Live Grading

Year	Total	*S.B. %	*T.S. %
1923	91,986	10·9	38·9
1925	77,405	12·2	49·5
1930	82,827	9·5	28·8
1935	148,907	16·0	34·6
1936	215,825	18·8	37·7
1937	280,450	20·9	38·5
1938	202,583	22·6	42·9
1939	205,550	24·0	48·9
1940	188,051	23·6	50·2
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		A	B
1935	711	19·2	43·3
1936	35,253	21·8	44·2
1937	62,244	25·7	41·4
1938	80,503	29·4	45·6
1939	131,023	27·8	49·5
1940	336,447	25·8	48·2
1941	450,840	28·7	52·8
1942	347,707	30·4	56·0

PRINCE EDWARD ISLAND

Live Grading

Year	Total	*S.B. %	*T.S. %
1925	11,733	17·7	22·2
1930	16,190	30·4	30·8
1935	10,371	31·6	31·4
1936	900	4·8	11·2
1937	814	8·2	14·3
1938	1,424	3·6	15·9
1939	739	3·3	13·9
1940	770	2·8	10·6
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		A	B
1935	15,934	28·7	37·7
1936	31,278	29·0	44·1
1937	37,591	26·6	51·2
1938	39,899	34·7	48·6
1939	42,872	32·0	48·6
1940	46,864	29·4	52·9
1941	47,412	35·1	49·2
1942	52,876	39·1	49·9

NEW BRUNSWICK

Live Grading

		%	%
1925	2,607	6·7	31·7
1930	3,317	10·3	21·6
1935	9,560	7·3	17·5
1936	9,474	7·7	21·9
1937	7,048	8·2	27·0
1938	7,550	7·9	26.4
1939	6,663	8·4	28·2
1940	1,839	7·4	23·0
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		%	%
1935	1,080	33·7	30·3
1936	4,687	27·7	46·0
1937	15,207	21·0	47·1
1938	18,331	34·2	48·3
1939	20,632	31·4	49·7
1940	27,361	29·7	52·2
1941	23,526	35·0	49·5
1942	22,379	36·3	49·1

NOVA SCOTIA

Live Grading

		%	%
1930	1,255	50·2	20·9
1935	508	....	....
1936	940	20·0	28·7
1937	1,186	11·2	25·3
1938	1,083	8·3	32·8
1939	463	3·2	44·0
1940	18	....	....
1941	.....	....	....
1942	.....	....	....

Carcass Grading

		%	%
1935	301	32·8	27·9
1936	1,418	32·1	47·6
1937	4,624	23·2	50·8
1938	7,055	32·1	49·2
1939	6,061	30·1	50·9
1940	5,562	26·7	55·8
1941	4,850	34·8	48·8
1942	6,747	38·5	51·3

CANADA

Live Grading

Year	Total	*S.B. %	*T.S. %
1923	2,356,680	15·3	58·9
1925	2,782,400	15·4	61·1
1930	2,301,102	15·5	35·7
1935	2,831,479	22·9	42·0
1936	3,297,973	24·4	42·1
1937	2,923,769	24·4	40·5
1938	1,934,424	29·5	44·5
1939	1,737,010	29·8	48·1
1940	1,325,592	27·9	48·9
1941	.....	....	....
1942	.....	....	....

Carcass Grading

Year	Total	A %	B %
1935	115,209	34·7	47·5
1936	447,493	34·5	46·9
1937	1,002,541	31·1	46·8
1938	1,305,374	32·0	50·5
1939	1,964,051	30·5	55·5
1940	4,124,034	28·0	56·4
1941	6,216,207	31·5	54·3
1942	6,228,163	29·9	55·1

* S.B.—Select bacon. T.S.—Thick smooth.

Mr. FAIR: I have some questions to ask if Mr. Soper is through.

The CHAIRMAN: Mr. Golding has started out to ask a question. What was your question, Mr. Golding?

Mr. GOLDING: It is in regard to the processing cost.

By Mr. Golding:

Q. You gave an illustration in regard to Stratford. What would be your opinion in regard to plants distributed throughout the province, such as Kitchener and Stratford, and the plant at Barrie, against the centralization of large plants in some of the bigger cities in so far as processing costs are concerned, handling and servicing?

Mr. AYLSWORTH: That all depends on the turnover, the number of hogs a packer handles. The larger number he handles the cheaper he can process them.

The WITNESS: I do not think it would be fair even to try to make an estimate. Take that group of people you mentioned, the 13 plants situated in the province of Ontario. I think you will find a wider variation between them than you will find between a firm like Schneider's and one of the larger Toronto firms.

Mr. GOLDING: I quite agree with that; but that is the evidence I should like to have.

The WITNESS: In so far as the total is concerned, I look at it this way: they are in business competitively and if they are going to get the hogs they have to be sure they earn sufficient to get by on. If they do not they go out of business. So long as they have paid a satisfactory price to producers we assume that they must be efficient enough to get by on their operating.

By Mr. Soper:

Q. Is it not a mistake to let down the grade for the after-the-war market? We have let down our grade of bacon going to the United Kingdom to a certain extent.—A. If you are looking at it from purely a post-war position, the reputation of Canadian bacon, for the surplus we have to market, I agree with you, yes. We went into this with our eyes open, we are taking the risk trying to do the job. But may I say this: the reason I mentioned the heavy hogs was this—there seems to be a growing demand in the country that producers be allowed to continue to raise still heavier hogs. Frankly I feel that it would be a fallacy to go any farther, I think we have gone farther than we should go even now. I think just as soon as we can get enough hogs to meet the commitments without this additional weight we should go out and advise the farmers to be sure that we get our hogs back to where they will produce a high quality product so that when the war is over we will at least have maintained some vestige of our reputation, because today Canadian bacon is going into 85 and 95 per cent of the homes in England. They are going to remember the bacon they got very vividly.

By Mr. Rickard:

Q. Right on that point, would it pay us to subsidize, give a better price to the producer and make the grading standard a little bit higher, because it is more practicable to grow a heavy hog and that is the reason the farmer is growing a heavier hog.—A. That may be so, sir.

By the Chairman:

Q. Does it follow, Mr. Pearsall, that you can produce a heavy hog cheaper than the regular 200-pound hog?—A. Probably you gentlemen can answer that as well as I can. I do not think so unless you have the feed in your barn and you cannot do anything else with it.

Q. I think the only advantage that has been proven to be gained from the production of the heavier hog is this: if the farmer is able to utilize a cheaper type of feed he will use that feed more efficiently in feeding heavy hogs than the younger hog would use the rough feed.

Mr. RICKARD: I do not think, Mr. Chairman, that is the experience of the hog producers.

The CHAIRMAN: Now Mr. Fair has some questions.

Mr. SOPER: I have three more that I should like to finish.

By Mr. Soper:

Q. Does the market drop as much now in July and August as it did formerly, or have we more even distribution of marketing the year round?—A. Last year the marketings dropped; I have not got the figures, but I think it is a fair statement to say that last year the marketing dropped seriously in the summer months. I attribute that to the fact that during that period we ran into the beef shortage and there was a development of what I shall refer to as "a black market," for the want of some better word, although I do not thing it is the term to use, and there was a lot of diversion from regular slaughter to channels outside the ordinary meat trade, but I do not think there is any indication to suggest that there has been much of a change in the normal seasonal movement.

Q. Do you consider the packers are playing fair with the jobbers and producers?—A. That again is rather a large question, but I will answer it in this way: I cannot answer for every transaction that takes place—

Q. I am not throwing any reflection on the packers.—A. But I think it is fair to say this, our Board feels this, and if we did not feel it very strongly I think our Board would have taken some action, that the farmers and producers are getting a fairly proper share of the total money that is being paid for bacon; in other words, there are no exorbitant charges being taken by the processors, otherwise I think our Board would have the obligation to take some steps to see that it is corrected.

Mr. GOLDING: In regard to the—

Mr. FAIR: Following that up I should like to get in one or two questions, but it seems the other members are doing all the talking.

Mr. SOPER: I have one more question.

By Mr. Soper:

Q. Do you get a better class of hog from the dairy section than you do from the non-dairy section where the hog is fed more grain, where they do not have the products of the dairy to bring along the younger pigs?—A. I think that would follow, and more so in eastern Ontario. If you are talking of the skimmed milk, yes, but if you are talking about whey, no. I think, in a general way, however, that that is true. Ontario produces hogs which in the main have access to supplies of some skimmed milk. There is the fact that they are probably better bred also. After having said that, I must state this, that in western Canada—and this is a point that has been brought out—they have made a substantial increase in hog production with little or no dairy by-products with which to supplement their feeding, and they are making a real job of producing high quality hogs.

Q. I think most of the western farmers to-day are keeping some cows and have some skimmed milk.—A. Well, particularly in Manitoba and mixed farming areas, but there must be large areas in Alberta, considering the scale upon which they are engaged in hog production, where there is a very small production of skimmed milk available, as well as dairy products.

Mr. FAIR: Mr. Chairman, I have a number of questions to ask this witness, but our time has been taken up by others, and I did not wish to interrupt them. However, my questions may take a little time, and I am sure that other members may have questions that will take some time also. Therefore, I think that we should have Mr. Pearsall come before the committee on another day.

In fairness to the hog producers of my province, I think it is quite fair to say, because of the falling off in the grade of our hogs even possibly at the expense of an increase in number that to my knowledge great strides have been made in the province of Alberta through various means, particularly the selection of better breeding stock and better feeding and that kind of thing, and I believe that the people of my province have been doing their national duty in producing more hogs and putting extra weight on them.

By Mr. Leger:

Q. I would like to ask Mr. Pearsall if at the next meeting he will be prepared to answer questions with regard to beef slaughtering?—A. I presume you are talking about slaughter permits?

Q. Yes.—A. I am afraid I shall not be able to give you very much information about slaughtering. Fundamentally the final responsibility rests with the Wartime Prices and Trade Board. The Wartime Prices and Trade Board require people to have slaughter permits which is something that we are directly interested in because after the Wartime Prices and Trade Board have issued slaughter permits we are vitally interested in how many hogs they allow to be killed. I would be pleased to give the committee any information I can, but I do not think I should say that I will assume responsibility.

Q. Will you accept suggestions?

Mr. WRIGHT: I asked to have the amounts the Board purchased from these thirty-four firms you were purchasing from. Also I would like to have the total kill of the firms at the same time so that we would know what portion was purchased from each firm.

The CHAIRMAN: Well, gentlemen, that will conclude our sitting for this morning.

The committee adjourned to the call of the chair.

SESSION 1943
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 12

TUESDAY, JUNE 29, 1943

WITNESSES:

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board
Mr. R. S. Hamer, Director of Production Service, Department of Agriculture

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

TUESDAY, June 29, 1943.

The Standing Committee on Agriculture and Colonization met at 4.00 p.m. The Chairman, Mr. Weir, presiding.

Members present: Messrs. Black *(Chateauguay-Huntingdon)*, Blair, Cloutier, Cruickshank, Dechene, Donnelly, Douglas *(Queens)*, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Hatfield, Henderson, Kirk, Laflamme, Lafontaine, Leger, MacDiarmid, McCuaig, McCubbin, McNevin *(Victoria, Ont.)*, Perley, Rheaume, Rickard, Ross *(Souris)*, Ross *(Middlesex East)*, Senn, Soper, Ward, Weir, Whitman and Wright—34.

In attendance: Mr. L. W. Pearsall, Secretary-Manager of the Meat Board, and Mr. R. S. Hamer, Director of Production Service, Department of Agriculture.

The minutes of the last sitting, held on Friday, June 25, were read and, on motion of Mr. Dechene, approved.

Mr. Pearsall was recalled and, after being further examined, stood aside and Mr. Hamer was called. He made a statement on the beef situation in Canada and was examined.

At 6.00 o'clock, on motion of Mr. Leger, the Committee adjourned until Thursday, July 1, at 11.00 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 29, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4 o'clock p.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Shall we proceed, gentlemen?

Mr. PERLEY: Mr. Chairman, may I ask a question with regard to the papers that were filed? They are not printed in the report, of course. Will they be distributed?

The CHAIRMAN: Which papers are you referring to? Are they the answers to those questions?

Mr. PERLEY: Yes.

The CHAIRMAN: They will be printed in the report that is coming out.

Mr. PERLEY: All right.

The CHAIRMAN: Last day we had Mr. Pearsall, chairman of the newly-constituted Meat Board, before the committee, and it was the desire of the committee that he should return again for further review of the activities of that branch of the organization. He is here this afternoon. I presume that the committee have a number of questions they wish to ask of him, and we will begin with Mr. Pearsall. I think there were also some questions asked the other day of Mr. Pearsall as to which he said he would try to secure information. If he has that information, it might be well to incorporate it in the record at the beginning of to-day's meeting.

Mr. L. W. PEARSALL, recalled:

The WITNESS: The request was made last meeting for the amount of bacon that had been purchased from each packing company and the amount of money that has been paid to each packing company since the board started operations. I find, after going back to the office, that it will take some little time to get that information out. All cheques are paid by treasury; and when I checked with treasury on this, they did not have the information in that form. They were not able to give me immediately the amount of money paid to each packing company since the board started to operate, and they advise me it will probably take until about Saturday to get that information. But it can be made available a little later. I am not in a position to give it at the present time.

The CHAIRMAN: Well, I suppose all we can do is wait until that information is available. Mr. Pearsall has not any other additional general statement that he wishes to make. Therefore the meeting is open for questioning with respect to the activities and operations of the Bacon Board. I presume it will be best to hold it to that for the beginning.

By Mr. Senn:

Q. Mr. Pearsall, do all your findings and activities have to be submitted to the Minister for final approval?—A. The order in council setting forth the terms of reference for the board states "subject to the approval of the Minister."

Q. And they are all submitted to him, I suppose; he bears the final responsibility for all the activities of the board?—A. The minister bears the final responsibility; and I think, as a general statement, all matters of policy are cleared with the minister. I am not going to say that all details of operation are cleared with him from day to day.

Q. You were stating a moment ago something about the amount of money paid to the different packers. I notice in your reference here that you have powers to determine the price paid to the packers in all cases. Is that correct? —A. That is correct.

Q. How is that done? It must take a lot of computation to find out just the cost to the packers.—A. It is not based on the cost. The terms of reference setting up the Bacon Board, as I explained in the statement given previously, is limited to the amount of money we get from the United Kingdom. We get a certain price from the United Kingdom, as I explained previously. That is a flat price. This year it is $21.75 for A grade. We determine, on a graded basis, the price that will be paid to the packers for different grades and for different weights of bacon. The average cost of that cannot exceed the money we get from the United Kingdom, and we reserve a certain small margin for certain operating expenses such as icing cars at seaboard and test-weighing and so forth. So the amount of money we pay to the packer is determined by the money we have available from funds received from the United Kingdom, less operating expenses.

Q. You have power to control, to some extent, the price the packers pay to the producers, have you not? This reference gave you power to fix minimum prices. Have you ever attempted to do that?—A. As you stated, the terms of reference give the board power to set minimum prices paid by packers for their hogs; and the board has never exercised that authority.

Q. You have not exercised it?—A. We have not, no.

By the Chairman:

Q. In that regard I have a question. I do not know if this comes along with the same thought you have in mind or not, Mr. Senn. But these grades between the various classes of hogs are fixed at so much discount under or over your B-1 hog. What organization has the approval or disapproval of those spreads? —A. You are now speaking of the prices for hogs?

Q. Yes.—A. Paid to the producer?

Q. Yes.—A. Following the conference in about 1922—our hog grading was set up at that time—it was determined to pay a premium for what was known as select hogs. The government assumed some responsibility for seeing that such premium was paid to the producer. In effect, I think it can be stated as being a gentleman's agreement as between the packers and the producers, with the government sitting in as a third party with some responsibility to see that the premium was paid. In so far as the discounts for other grades are concerned—that is, heavies, lights, C-1's and so forth—that is not a matter in which the government or the department have interested themselves. Presumably those discounts or differentials in prices are determined by the trade as between the buyer and the seller.

The CHAIRMAN: Excuse me, Mr. Senn. I do not know if you wanted to ask anything further.

By Mr. Senn:

Q. I am practically through. I should like to ask one more question of Mr. Pearsall if I can think of it at the moment. I have heard of cases just lately where hogs were refused at the abattoirs because they had not sufficient facilities to take them all in at one time. I am going to ask this question. It seems to me

that when the fall comes, and there is a large rush of hogs, we may have difficulty in accommodating them in the abattoirs. Have you made provision for that?—A. I should not like to go so far as to say that we have made provision. But we have been well aware of this situation for some time. Unquestionably there is a very acute labour shortage in the packing plants. We had a similar experience last fall when the heavy hog runs developed. There was a very difficult shortage of labour in the packing plants, but through co-operation with the Labour Department we were able to get men diverted back into the packing plants. That shortage was mainly in western Canada. At that time, since it was late fall, and since a lot of the seasonal labour in the packing plants is, in normal times, secured from the farms, we were able to get labour diverted from the farms back into the packing plants. This spring there was an exodus out again. That was one contributing factor. I am not suggesting that is in any way the major problem of the labour shortage in the packing plants, but it certainly contributed to it. A lot of the men who came in last fall from the farms, particularly in western Canada, went back to the farms, and there has been a serious loss of labour to other essential industries. We have been working on that problem for some time. We have made surveys to have the facts up to date. I am sorry I have not got it with me. A survey was made as of the 1st of May. There was an over-all shortage of something like 1,280 men in the packing plants across Canada. During the subsequent five weeks we were able to get a considerable number of men back into the packing plants, but the types of men we got back—at least who were diverted back in—were unskilled labour; and the real problem is to keep skilled labour in the packing plants. There are two most difficult points. Edmonton is the most difficult point; it has been affected by the drain of labour up to Alaska highway. We have actually had very serious difficulty there. Hogs have had to be shipped from the Peace river down to Winnipeg for slaughtering. They have been able to slaughter them in Edmonton at times, but they have not been able to process them. As a result, we have had to put into storage the product which they are unable to process immediately because of labour shortage. The other point most acutely affected is Hamilton.

Q. That is the reason I am asking the question. Hamilton is in my district, and I have heard of the refusal to accept hogs. The shortage of labour is the only reason for it, is it not?—A. The shortage of labour at the packing plant is the problem. We are working on that just in anticipation of this problem which we foresee this fall, of heavy hog runs and increased cattle runs. Somehow or other the labour has got to be got back into the packing plants to handle this product. We feel that for the time being, in the summer time, with the reduced hog runs, the situation will not become any more acute than it is at the present time; and we hope to be able to make some improvement before fall.

By the Chairman:

Q. What about the shrinks that take place in hogs that cannot be slaughtered immediately? Who stands the loss of that shrink?—A. I am afraid I cannot answer that question specifically. I can give you the over-all policy, though, and it is to this effect. If hogs are not slaughtered within a certain length of time—I think it is forty-eight hours, although I am not sure—or within a specified time after arrival at the packing plants, then a definite percentage is allowed for each day they are held after that. I think the per cent is 1 per cent per day. I wish those figures to be checked before giving them as specific.

Q. Would that same policy apply, for instance, when you might be obliged to ship hogs from Edmonton to Winnipeg because they could not be handled at Edmonton?—A. Very definitely.

Q. They would be allowed the amount to cover shrinkage?—A. Right.

By Mr. Perley:

Q. Would they be weighed before being shipped again?—A. No; because the hogs are settled for on the dressed weight. Therefore you could not weigh them at Edmonton. Whatever the allowance per day is, they would allow it for the extra time in transit and the extra time held.

By the Chairman:

Q. That is added to the dressed weight?—A. Added to the dressed weight.

By Mr. Senn:

Q. Are all the hogs in Canada dealt with on a rail-grading basis?—A. All hogs at inspected packing plants or all hogs that the department grades.

Mr. WARD: Mr. Chairman, Mr. Pearsall stated that the board had or took authority to set minimum prices.

The CHAIRMAN: Speak up, please, Mr. Ward.

Mr. WARD: That is, above the basic price as set or as agreed upon with the British government. You do not ask authority to establish minimum prices below the price at which we have agreed to deliver pork to the British government?

The WITNESS: If I interpret that question correctly, sir, the answer would be this: if the board has not as yet set minimum prices, and if they were to consider setting minimum prices, certainly I would assume that the basis of setting such prices would be on the basis of the export contract with the U.K.

By Mr. Wright:

Q. Are live hogs diverted from western Canada to eastern Canadian plants for killing?—A. Are they diverted?

Q. Suppose the plant in Winnipeg could not handle the run. Could they be diverted to eastern Canadian plants for killing?—A. It would not be desirable. I would not say it could not be done. It would again be a movement somewhat similar to shipping from the Peace river to Winnipeg. It would be highly undesirable, but it might be a way out in case of emergency. It is not a practice that is followed in general trade practice.

By Mr. Blair:

Q. We are frequently asked why it is that prices vary as much as 35 cents a hundredweight here on occasion; and then, the next thing producers will ask us is this, if the hogs are overweight by as much as one pound a deduction of $2 is made; and they wonder if it would not be reasonable if for the first ten pounds overweight that there be a deduction of $1 and for anything over that there be a further deduction of $1. They say that as it is that if it is overweight by as much as one pound a deduction of $2 is made, and I wonder if that could not be varied a little according to weight?—A. Answering your first question with regard to prices; I do not know whether anybody can satisfactorily explain fully the fluctuation in hog prices; I know I cannot and I haven't found anybody else who can. There are some reasons for it. It is quite true that we have a basic price which may be termed a floor price for export, which puts a floor on your market. On the other hand you have other factors that have an important bearing on your price, and one of the most important factors is your domestic market. The domestic market is relatively more profitable than the export market is today. That is mainly due to the fact that due to the action of the board in arbitrarily reducing supplies on the domestic market you have created an advantageous domestic market; and probably a good example of the influence of the domestic market on your price happened last summer during June and July when hog prices right across Canada, particularly in Ontario, rose very definitely

above what their value was for export to the U.K., owing to the fact that this is the season when your hog run was lightest. The position of the packer at that time was that about 50 per cent of his product was going export and 50 per cent domestic; and as soon as they were making a reasonable profit on the domestic they were able to raise their prices. If you will recall about the end of September or probably the early part of September, our board were faced with the necessity of getting extra bacon for the U.K. and reduced the domestic quota from 75 per cent to 50 per cent. In other words, we forced the packer to put more of the product into the export market and less in the domestic market, and as a result we reduced his earnings in the domestic and increased his losses in the export and hog prices acted unfavourably as a result of the action our board took. What I want to stress is this, that while it is true that we have an export market—an export price—which puts a floor on the market and it is true that a considerable portion of the product goes for export, nevertheless we still have a domestic market which has a considerable influence on price. Probably the other most important factor in price is the volume; and after you consider these two reasons there are also some local factors which come into the price situation which I cannot explain, and I do not think anybody else can. At least, I never heard of anybody else who could.

By Mr. Furniss:

Q. Can you tell us, Mr. Pearsall, if the grading which applies to the slaughter of hogs carries through into the grades which are shipped out?

The CHAIRMAN: Would you mind, Mr. Furniss, if Mr. Pearsall were to finish his answer to the question by Mr. Blair?

Mr. GOLDING: Well, Mr. Chairman, a lot of this information was dealt with on Friday and it is now in our report. I do not think it is fair to ask Mr. Pearsall to go over it all again when we will have it all in our report of Friday's proceedings. If there is something new to be taken up, that is a different matter.

The CHAIRMAN: I realize that these questions to some extent at least were answered on Friday; however, we have two of them before us at this time and perhaps he could deal with them.

The WITNESS: As to the other question asked by Mr. Blair with respect to the discount on hogs of one pound overweight, I attempted to give some answer to that the other day. I think I pointed out that there is considerable latitude allowed with respect to this grading and I think I explained that the sellect or "A" grade hogs—those running 140 to 170 pounds in carcass weight —sizeable Wiltshires take from 142 to 168—in other words, there is a margin there. There is no discount on any hog up to 185 pounds to-day and that hog is not one pound overweight; it is seventeen pounds overweight actually.

By Mr. McNevin:

Q. Are those dressed weights?—A. It is dressed weights that I am speaking of. The B3 runs 175 to 185 pounds; and there used to be a discount on that B3—it was less of a discount than there was on the heavy hogs, but that was eliminated as an aid in increasing the average weight of hogs; that explains why you have no discount from your select right up to 185 pounds. The only way I can answer that question is that that hog is not one pound overweight—it is from 17 to 18 pounds overweight.

By Mr. McCubbin:

Q. What happens to that hog that is overweight? Where does it go; does it go into the export trade?—A. I explained the other day that we are exporting 75 per cent of our hogs, we are taking hogs up to 185 pounds or more. We are taking every hog that is suitable; I mean, if it passes inspection and unless

they are very seriously damaged in bruising and so forth. All these hogs are going for export—49 per cent bacon is over sizeable weights—and if it were not for these hogs we would have considerably less bacon to export.

Q. Why should the farmer be discriminated against in price?—A. Because the price the packer receives for it is relatively the same price as the packer buys it at. I think I said that the price—

Q. I did not realize that this was dealt with on Friday.—A. I think you will find that in the report.

Mr. McCUBBIN: That is fine. I understand the information is on the record.

The CHAIRMAN: Now for Mr. Furniss' question.

Mr. Furniss:

Q. The question I asked was, does the same grading as is given to slaughtered hogs carry through to the time when they are shipped out?—A. No, sir. I dealt with that somewhat briefly the other day and explained that on the export basis there are actually 30 different grades and classifications and in our carcass grades for hogs they are much less; and it would be extremely difficult to set up a system for the same grades to apply both ways. In other words, there would be so many grades I think it would be entirely unmanageable. On the other hand, I realize that there is always the question of what happens to these hogs afterwards.

By the Chairman:

Q. You say that there are thirty export classifications?—A. Weights, grades and prices.

Q. You are only selling two grades of bacon under the present arrangement, are you not?—A. Right.

Q. How do you fit in all these classifications into two grades of bacon? —A. I said at the outset that the United Kingdom buys all A grade at a price of $21.75, but we have endeavoured to maintain in purchasing from packers approximately the same grades and approximately the same discounts and premiums as prevailed in the normal market pre-war. In other words, we pay the highest price for A grade number 1—sizeable from 55 and 65 pounds—we pay them a price for that which is higher than the contract price, and for the heavier weights, and for the hogs under B grade we pay them relatively lower prices. The normal differential between A1 and 2 in peacetime was 2 shillings, and our differential between A1 and 2 is 40 cents.

By Mr. Senn:

Q. Are you sending any boxed cuts?—A. Yes.

Q. What is the price for those?—A. They are all set forth in the prices I tabled and they are comparable to the Wiltshires—heavy hams, heavy gammons and heavy fores.

By the Chairman:

Q. Does the British consumer have these 30 different grades put in front of him now to purchase from?—A. No. One of the reasons why the U.K. desire to purchase on a flat basis in wartime and under war conditions is because of rationing. They apparently do not wish the consumer to know whether he is getting grade A or grade B bacon and they have asked us to take all marks off our product so that the housewife over there will have no way of knowing what grade of bacon she is actually getting; naturally she wants to buy the best and as they cannot supply the best to everyone, they do not wish to have it distinguished in any way.

Q. Before the war did we have several grades of bacon for shipment to Great Britain?—A. Yes, exactly the same as it is being shipped now. We are

following peacetime procedure in shipping bacon with respect to shipping, packing and grading the product.

By Mr. Evans:

Q. I think you stated the other day that you were using a new type of cure. Is it an improvement on the old cure, does it take more salt?—A. We step up the salt content slightly, we had to for reasons of preservation. We have also had to resort to adding a slight dusting, a small application of borax on it.

Q. Does that help to keep it?—A. Yes.

Q. I think you said with respect to rejects that most of them were charged back to the packer; I wonder if you could give us any idea of the volume of rejects, what percentage?—A. It is very small. I do not know that I have any definite information on that. I may be able to get something on that for you.

By Mr. Perley:

Q. Can you give us something as to the volume the packers carry in storage for their own account? Do they increase their storage in order to take advantage of price in any way; that is, do they place in storage pork bought on a low market and on a heavy run and take advantage of letting it remain in store until the product is short on the market?—A. The packer cannot store to his own account. Every week we instruct the packer whether to put bacon into cure or put it into storage. If he is instructed to put it into storage it is paid for at the price prevailing on the date in store and we assume the charges from that day forward.

Q. What would be the amount say in a month like July—perhaps that is not a good month to take—what amount is in storage on the average?—A. In July we would be fairly well cleaned out of storage. We would be perhaps withdrawing. The normal procedure of operating is to put your product in storage during October, November and December, that is during the heavy fall run months and in that way reduce your shipments to the level required and carry that product through to level out your shipments during July, August and September. We will probably start withdrawing products from the freezer about the end of next week. And now, the only modification of this program is that we run into periods even when we are getting lots of hogs when there is a lack of shipping space. Then probably a month later a big convoy will come in and they will ask for heavy quantities which we will have to withdraw and put it in cure and have it available for those ships; but apart from those movements caused by shipping, the normal procedure is to store in the fall and take it out in the summer.

Q. The packer cannot store it to his own account?—A. Not for export.

By Mr. Wright:

Q. Have you any difficulty in obtaining enough storage space at any time?—A. Not recently, it has never been really serious.

Q. You do not anticipate any troubles next fall?—A. I would not go so far as to say that. We have been very fortunate in our storage because as you probably know there has been a very limited quantity of other produce; as a matter of fact, there was a scarcity of butter, very little butter in storage, and very little beef throughout the country, and our whole storage situation was improved because of those facts.

By Mr. McCubbin:

Q. You have not given us the figures of last year's operations as to what percentage of Canadian hogs were exported to Britain and what were used for domestic purposes; and, was there any exported to any other country?—A. I put the figures as to export on the record; if I remember correctly I think it was

about 75 per cent export last year and 25 per cent domestic. As far as shipments to other countries are concerned the only exports we make are in the way of definite commitments that have been approved and are assumed to be Canada's obligation. We are looking after certain interests of the British West Indies and a certain amount for Newfoundland; and of course, we are looking after the Alaska Highway—that is not export but it is a condition arranged.

Q. In connection with the method used in weighing carcasses, is there any adjustment that would take care of the producers' interest as far as the edible portion of the "innards" is concerned, such as the liver and the heart; I do not believe that is weighed with the carcass?—A. It is not.

Q. Is there any adjustment there that would protect the producers' interest, because there is an edible portion of the "innards" of every hog that is used for export, I believe, and for domestic consumption.

The CHAIRMAN: It is all used for something.

The WITNESS: The reason that these portions that you have referred to are not included in the carcass is that they are removed with the offal. If you are going to weigh them with the carcass they will have to be cut off and hung on each carcass as it goes by; therefore it is not practical to weigh them with the carcass. On the other hand, assuming that it were practical to weigh them with the carcass when you have the heart, the liver and the kidneys on the carcasses, the net result would be instead of having a carcass weighing 150 pounds you would have one weighing 155 pounds and what would actually happen would be there would be a slightly lower price paid for it; in other words, the price being paid now takes into consideration and allows for that extra value in the portion not weighed with the carcass.

By Mr. McNevin:

Q. In the long run I am of the opinion that the producers' interest would be better protected if there were an allowance of weight with the carcass for the edible portion of the "innards" and let the price adjust itself accordingly, rather than just consider that the price is high enough to take care of that discrepancy. I may be mistaken, but that is my view.—A. Your suggestion would be that probably an allowance of 3, 4 or 5 pounds be added to the carcass?

Q Yes.—A. There might be some merit in that suggestion; the reason I stated it is not practical to do that is it is removed from the carcass before it is weighed.

Q. Of course, I am not suggesting with the additional labour and time involved in a system of individual weighing that the "innards" of every carcass should be weighed, but I do think a fair estimate of the weight could be made and that it should be added to each carcass. My opinion is when hogs are scarce and you are looking for them to the extent that you are, the price might work to the advantage of the producer.

By Mr. Perley:

Q. Have you a contract with the British for the offals, the kidneys, liver and so on?—A. We have a contract for—

Q. —the heart?—A. Liver, kidneys and tongues, but there is no specified quantity of tongues. I have forgotten the quantity—

Q. How much did you ship, for instance, last year, and do you contemplate to ship the same this year?

By Mr. Donnelly:

Q. Can you tell the committee whether the production of hogs has gone up in England in the last three, four or five years; we are told that England has doubled her agricultural products since the war began; is it true in so far as hogs are concerned as well?—A. I cannot give you specific information, but

the general information we have is this, that in so far as hogs are concerned there has been a very, very definite reduction in the hog production because of the lack of feed. They have concentrated their production on cereals and vegetables and they have concentrated, for example, what feed they had available for live stock, especially dairy cattle. The No. 1 preference would be given to dairy cattle for the purpose of producing milk, which cannot be imported. Undoubtedly there is no question there is a very sharp reduction in hog production, and a considerable proportion of the hogs they have produced are put into the fresh meat trade rather than into bacon production.

Q. We have been told they have increased the agricultural production 32 per cent, from 1938 and now up to 70 per cent.—A. I am afraid I cannot answer that question on the general agricultural production. Now, with regard to Mr. Perley's question on pork offals, in the 1941 contract we shipped 12,689,924 pounds; in the 1942 contract we shipped 10,646,923 pounds, and our contract for this year is, liver 12,096,000 pounds, kidneys 2,016,000 pounds, or a total of 14,112,000 pounds.

By the Chairman:

Q. Have you the value of those?—A. The value for the 1940-41 contract is $1,286,749.49; the value for the 1941-42 contract $1,123,452.38.

By Mr. Perley:

Q. An average of about 11 cents a pound?—A. Yes. The contract price this year for liver is 11¾ cents, $11.75 a hundred, Canadian seaboard; kidneys $12.15 a hundred. The liver price is slightly higher than last year and the kidney price is the same.

By the Chairman:

Q. Just in connection with the question Mr. McNevin is asking—

Mr. GOLDING: Just in connection with that, I think Mr. Pearsall gave us last week an example to show that the packer would actually lose money on the price he received on the British contract, the price the British paid for the hogs, if he did not have these offals to make up the difference.

By Mr. Golding:

Q. You spoke about that at our last meeting; you remember you spoke about that?—A. Yes.

Q. That is on the record, so we do not need to repeat it.

By Mr. McCubbin:

Q. Do you think the packer ever loses money?—A. I do not know.

By Mr. Perley:

Q. Mr. Pearsall, what percentage of the offals goes into export?—A. What percentage of the total offal production goes into export?

Q. Yes.—A. Oh, probably about 45 per cent.

Q. That is a pretty high percentage.

By the Chairman:

Q. The offal exported is 45 per cent of the Canadian production of offal?

By Mr. Perley:

Q. What percentage of the offal of the hog goes into export?—A. About 45 per cent.

The CHAIRMAN: If I understand the question correctly, you mean what percentage of the total export of bacon to Great Britain is offal?

Mr. PERLEY: No, what percentage of the total offal goes into export.

By Mr. McNevin:

Q. If we approximately double the figure given as the value we would have an approximate value of the total portion of the offals in Canada. Before you proceed further, what would be the approximate weight of a heart, of a liver, of a kidney and of a tongue?—A. I am afraid I have not got the weight of the heart, the tongue is about 1 pound, the kidney is $\frac{5}{8}$ of a pound, and we have a lot of amusement over the liver. We always assumed there were about $3\frac{1}{2}$ pounds—we always used that figure—but recently, under this contract when we required the packer to deliver $3\frac{1}{2}$ pounds of liver for every pig he killed, he undertook to prove to us they could not get that, so we have just completed running some very extensive tests on the average weight of liver, and we found some very interesting information. Apparently there is no relationship between the size and the weight of the hog and the weight of the liver; in other words, you will get from a hog weighing just 200 pounds a liver weighing 2 pounds 6 ounces, and a very heavy liver from a lighter hog. We have so far sufficient evidence to suggest that probably the weight of the liver in eastern Canada is greater than western Canada. I do not know whether that is due to the type of water they drink or what. We have come to the conclusion that the average weight of the liver is probably about 3·15 pounds.

Mr. SENN: They have more gall out there.

By the Chairman:

Q. In regard to these other contracts you mentioned a moment ago, where you are shipping pork products to Newfoundland and certain other places you mentioned, are they included in the British agreement?—A. No.

Q. That is over and above?—A. Over and above.

Q. What you are shipping on the British contract?—A. Yes.

By Mr. McCubbin:

Q. What do the packers get on these contracts?—A. It is purely a matter of private negotiation. I should modify that statement to this extent—I do not know the exact percentage, but certainly the bulk of our meat exports to Newfoundland are going to the armed forces; they are all purchased by the Department of Munitions and Supply, which will be the same as others purchased here under the ceiling price, but in so far as the normal exports are concerned, they represent private trade.

By the Chairman:

Q. If you found yourself running short on the British agreement would you interfere with the private transactions that you mentioned in order to keep up your British undertaking?—A. No; that matter has been cleared up with the Combined Food Board. As a matter of fact this whole question of the allocation of meats has been cleared and somebody has got to look after B.W.I., and we have. That has been allocated as one of Canada's obligations and the United Kingdom have agreed to that.

By Mr. McCubbin:

Q. Does the Alaska highway come in there?—A. Yes.

Q. How do the packers sell to Alaska highway?—A. It is somewhat vague; there are a variety of methods because there is a variety in the type of contractors. You have the United States engineers and the private contractors, and also all purchases for United States troops in Canada are made by Munitions and Supply; they do not buy themselves. And then recently they have set up in Edmonton a government company, I think it is the Northwest Purchasing company; the objective is that all these purchases for not only the United States engineers but for all the contractors on the Alaskan highway

will be made through them. That company is a subsidiary of Munitions and Supply. I cannot give you the details, but up until recently all purchases were made by private contractors—they simply went out and purchased it.

Q. Do you have any control over these prices?—A. That would be a matter that would come within the jurisdiction of the Wartime Prices and Trade Board.

By Mr. Wright:

Q. Do the Canadian military authorities buy their meat supplies from the packing plants?—A. They are bought from the packing plants, but the Department of Munitions and Supply do the purchasing.

By Mr. Senn:

Q. You spoke about the domestic demand being a factor in causing fluctuation in prices. If I read the regulations correctly, your board has all the authority in the amount that is exported, and as I understand it, the Wartime Prices and Trade Board have responsibility for determining the domestic demand and consumption. Do you ever run into conflict with them over your arrangements as to export or how do you get along and determine— —A. You are referring to the relation of the domestic and export prices or of supplies?

Q. Supplies.—A. In so far as supplies are concerned the general arrangement is that we arrange for our exports and they take the residual quantity and distribute it in the domestic market.

Q. I understood from the regulations setting up the Wartime Prices and Trade Board and also from Mr. Ilsley's statement that they have the responsibility of determining domestic requirements?—A. They have the responsibility, shall we say, of assuring adequate supplies for civilian population, but the general over-all principle is that in as far as bacon is concerned, for example, we endeavour to secure our export commitments and if the domestic market is left short of the normal requirements on pork that is made up by another class of meat such as beef.

Q. You have the first say?—A. We have the first call.

Mr. FAIR: What is the approximate percentage of product that is exported?

The CHAIRMAN: I think that was placed on the record the other day.

The WITNESS: Yes.

The CHAIRMAN: I wanted to interject one question here. I do not know whether this is the place to do it or not, but my thought was with respect to the competition we will meet in the British market after the close of the war and our position in relation to bacon that may come from Denmark again. Could you tell the committee how Danish bacon is sold on the British market? Do they have these large number of grades such as we have or do they concentrate upon a more standardized product?

The WITNESS: They have provision—let me put it this way, if they were exporting bacon with the wide variety and quality that we are they would have to conform to the same grading and selection. As a matter of fact, though, in actual practice, after the quotas were applied by the United Kingdom the Danish people restricted their export to the United Kingdom to nothing but sizable weights of No. 1 and No. 2 selection. I recall being in Denmark in 1937 and being in a packing plant and seeing a carcass with a stamp on it and set to one side, and I asked the significance of that and they told me in this particular plant, which was one of the co-operatives, that this carcass was two or three pounds overweight and the only disposition that was permitted was that the farmer was to take it home and he was not allowed to sell it, he had to eat it. They were not permitted to trade it at all. That is how restrictive they were. They insisted that nothing but No. 1 product could go to the United Kingdom.

By Mr. McCubbin:

Q. Do they feed hogs in Denmark the same as we do here?—A. There might be some slight variation in their housing methods, but fundamentally they are the same. Our hogs probably get more exercise.

Q. How do they get that splendid grade; do they use the same mixed feeds? —A. Yes, they have the same general type of feeds we have.

By Mr. Blair:

Q. Do they cure their hog products the same way as we do?—A. Again I cannot answer that question. The same principles should apply, but what their formula is I do not know. Probably there is some difference in it. We have to transport bacon 7,000 miles from Edmonton to the United Kingdom and it takes more than two weeks to get there ordinarily whereas they can land their bacon in the United Kingdom in three days.

By Mr. Wright:

Q. Before the war they had a more uniform cure in Denmark than in Canada. We had several different firms exporting bacon and each one had its own particular cure while in Denmark the great percentage of bacon was cured by the co-operatives, and there was a uniform cure.—A. I think probably that is a quite valid statement.

By Mr. Perley:

Q. They had a uniform hog which they specialized in had they not?— A. Yes, for a number of years they had concentrated on the improvement and the development of the Landrace pig and they had a good product.

Mr. PERLEY: Dr. Blair will recall the discussion we had in the house.

The CHAIRMAN: The reason I interjected this question was that I think the ordinary housewife does not differentiate between the grades of bacon that are coming from a country. The natural thing to do would be to recognize it as Canadian bacon or Danish bacon or some other kind of bacon. I think it would be to our advantage to get back to the position of having a standard product— 1, 2 or possibly 3 grades—and sell it on that basis rather than have the market cluttered up with several grades. That is the point I see in the picture. We have had many more grades than that; at least we have had in the past.

By Mr. Blair:

Q. Have you a circular to educate farmers how pigs should be fed so as to save grain, such as feeding them on alfalfa and rape and all that sort of thing? —A. I cannot answer that, but the Production Service or the Experimental Farm I am quite sure would know.

Q. It would be nice to have that information.

By Mr. Golding:

Q. Could you give approximately, now, what the prevailing price was when the Danish bacon was taken off the market when Denmark was invaded—the difference between the Canadian price and the Danish price and the price of Irish bacon and Swedish bacon?—A. I would not care to do that from memory, but roughly Canadian bacon was selling at about 4 shillings below Danish terribly butchered bacon you ever saw—when you looked at it you wondered why it was topping the British market at all times. Baltic bacon—some of it—was selling slightly above ours and some was slightly below—probably 1 or 2 shillings. bacon and Irish bacon which for some unknown reason was probably the most

By Mr. Evans:

Q. Do you think that the change made in your cure will affect your market after the war?—A. We naturally hope it will have some benefits. I want to make this clear that most of the companies that were regular exporters and had, through experience, found out how they should cure this bacon and what the United Kingdom people liked, were putting a very finely cured product on the other side; but we have a lot of new companies coming into the business who have not had that experience, and without casting any reflection on their initial effort, nevertheless it is not as good as it might have been. But, we have, I think, made a definite improvement there.

By Mr. Hatfield:

Q. How many grades have you for export?—A. Thirty.

Q. What is the idea of that large number?—A. That is the normal trade. That is the way you have to ship it if you want to ship it in peace time; you have no choice.

By Mr. Fair:

Q. I was wondering whether there is any check on the grades exported or sold by the packers as compared with the grades which they have purchased on the market or from the farmers?

The CHAIRMAN: Mr. Pearsall placed on the record the last day he was here the method we have followed in checking the export grades which, I think, were generally marked down as quite adequate to assure that the product would be delivered there up to a high standard, and if it was not up to that standard it was sent back to the packing house and the company lost on it.

By Mr. Fair:

Q. Does the producer get what is coming to him, or is there a little too much left for the packer?—A. The difference between export grades and carcass grades of hogs, do you mean?

Q. Yes.—A. Again I can only reiterate what I said before, and that is that except in a very general way there is no relationship between our export grades and our carcass grades. In other words, when we have thirty export grades and only probably four grades from which to draw hogs for export naturally they cannot be co-related.

By Mr. Donnelly:

Q. Do the same government men do the export bacon grading who do the carcass grading?—A. No, the export grading is done by the packer. There is no grader. But that grading is checked at the Canadian seaboard.

Mr. EVAN: Is that done by the government?

The WITNESS: Yes, it is done by the government. I explained the other day that they check 5 per cent of all the bales. If there is one bale found with one carcass that is not correctly graded or incorrectly selected they open another ten bales and they are assessed whatever percentage of error there is on the whole car.

By Mr. Blair:

Q. How long after a hog is killed does it require to cure it before it is fit to be eaten?—A. Are you speaking of export?

Q. Any hog.—A. Domestic cures vary anything from four days up to one month and a half.

Q. Do some countries do curing during transportation—South American countries—have they curing processes on the boat so that after a boat leaves a place the curing continues to avoid, as you say, the decrease in value?—A. I am

not aware that there is any cured on the ships from South America; at least very small quantities.

Q. From the Argentine?—A. There may be some. Of course, in our own practice our bacon is cured six or seven days and that curing process continues right up until the time the product is put into a butcher shop, unless you control the temperature down to 16 or 18 degrees, which cannot be done; therefore, there is a continual development to your cure all the time the product is in transit. You cannot avoid that unless you control your temperature.

By Mr. Leger:

Q. I wonder if Mr. Pearsall could give us the system used with regard to beef? I believe that half the questions answered this afternoon were answered on Friday. We had a lot of discussion on pork then, and maybe we should have some information with regard to beef.

The CHAIRMAN: What do you want to know particularly?

Mr. LEGER: The system used, and also something with regard to the killing of beef at the present time.

By Mr. Fair:

Q. Before leaving the pork question I should like to know if there is any particular waste by spoilage through ineffective curing in the plants? I have heard some complaints about this and I was wondering what the percentage of waste is on that account?—A. I would say there was definitely no waste through curing. They have had some unavoidably due to delays in transit where a product has been five or six weeks standing before it has been loaded at the seaboard, which is beyond anybody's control, and where they have had to reject product. There has been no rejection where you could place the onus for faulty curing on the packer.

Q. You believe that the cure is quite satisfactory?—A. It is the standard cure which we have set up as the best cure that can be devised with out present knowledge.

The CHAIRMAN: Was this cure developed by the government service or was it used by the packing houses?

The WITNESS: It was developed by a committee on which there was a group of technical men from the packing plants, Dr. Cook of the National Research Council, who has done a tremendous amount of work on curing and refrigeration of bacon, and two men whose names I have forgotten for the moment from the Bacteriological Division at the Experimental Farm. In other words, we enlisted the best advice we could get from all government research bodies and also the practical knowledge that the packing plants have.

The CHAIRMAN: Was that work carried on through the National Research Council?

The WITNESS: No. We requested the packing plants to file their cure and then Dr. Cook made a trip across Canada, and I will say he visited every packing plant but at least, he visited a large number of them—and following that we had several meetings, and as a result of those meetings they got this cure.

By Mr. Wright:

Q. I was going to ask if it is the department's belief that it would be advisable to retain this standard cure on Canadian bacon after the war so as to retain our market?—A. I could not answer for the market but, personally, I very definitely think so.

By Mr. Fair:

Q. On Friday last Mr. Pearsall gave us some of the reasons for the fluctuation in price on the market. Personally, I am not quite satisfied with that, and I

was wondering if he could give us any further information along that line, because there is considerable kick from a number of producers as to the fluctuation in prices to the producer when the packer is guaranteed a standard price at the seaboard.

The CHAIRMAN: Mr. Fair, that question was asked to-day before you came in and that information is already on the record.

Mr. FAIR: I am sorry.

The CHAIRMAN: Whether the information is complete or not remains to be seen.

By Mr. McNevin:

Q. Before we leave the matter of these thirty classifications of bacon, I wondered if that applied to the hog carcass or if that includes hams, gammons and all hog products, or if they were thirty definite classifications of what is commonly termed bacon by the Bacon Board.—A. Yes. In the price list which was filed in the meeting the other day you will find the grades and weights set forth for thirty different grades, selections and weights of Wiltshires. In addition, you have the price for hams. I think there are three different ones.

By Mr. Blair:

Q. Many of the farmers cure their own bacon. Could you not put on record what curing process is used by the Canada Packers or the department?—A. The cure that we use for export would not be at all suitable for domestic cure. As a matter of fact, speaking of what is known as Wiltshire cure, I doubt very much if very many Canadians relish it.

Q. Could you not give us the cure used for domestic purposes? That is what they most desire.—A. I think our department have bulletins and information with respect to home curing. As a matter of fact, we have not available any information with respect to packers' domestic cures.

By the Chairman:

Q. That is a private feature of their own business which, I suppose, they would be reluctant to disclose to their competitors, in any event?—A. They think so.

The CHAIRMAN: If there are no more questions with respect to bacon, could we proceed?

By Mr. McCuaig:

Q. If bacon is rejected for export due to transportation, is that bacon sent back to the manufacturer, or to the packing plant?—A. It all depends what the condition of the product is. We had occasion to reject a car about two weeks ago which, in the opinion of the tribunal, would not have arrived in the old country in satisfactory condition. Under the necessity of getting maximum quantities for export, that car went back to Montreal; the product was re-washed and re-cured for forty-eight hours, re-packed and re-shipped. We have done that on several occasions.

Q. Is that sent back to the same packing plant?—A. No. We send it to the nearest packer to seaboard.

Q. Is it not the responsibility of the packing plant if there is delay in shipment?—A. No; because that is beyond their control.

The CHAIRMAN: If there are no further questions with respect to bacon, can we let Mr. Pearsall stand down for a moment? Mr. Hamer is here, and perhaps he will deal with policy in that regard. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: We will not release Mr. Pearsall. We will ask him to stay. Perhaps we will have some further general questions to ask him later on.

Mr. Hamer, gentlemen, is director of production services in the Department of Agriculture, and he is probably as well posted on matters with respect to beef as any one we could get.

Mr. LEGER: He is concerned with the production of what?

The CHAIRMAN: Of beef. I suggested that he come over here this afternoon to outline the policy that is being pursued with regard to beef and answer any questions that he can which the committee might wish to ask. If that is agreeable, I would ask Mr. Hamer to outline generally what the developments are with respect to beef.

Mr. R. S. HAMER, Director of Production Services, Department of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen, I think possibly the reason that my name has been suggested to deal with beef is as a result of a carry-over of my former position in the department some years ago when I had more to do, perhaps, than anybody else in the department, with beef and cattle questions. More recently, as director of production services, and as a member of some of our departmental boards, I have—particularly during the last year—been pretty much in the centre of discussions that have taken place on the beef question.

It is unnecessary for me to refer here, Mr. Chairman, to the fact that the last year has been a distinctly unsettling one to beef producers. The industry has been disturbed in a way that a lot of us hoped would not be necessary under war conditions; and perhaps it was only natural that this disturbance should result in a good deal of discussion and in some controversy. This situation has been in great contrast to the first two and a half years of the war, during which the beef industry was the only major agricultural industry from which no complaints were received—by the department, anywhere—in regard to what we might call the impact of the war on the industry. But during the past eighteen months, due to the rapidity with which the supply position in so many of our agricultural products has changed and has transformed—and this applies particularly to our meat products—the beef industry was brought right into the centre of the whole regulatory procedure that had to be followed. That the series of controls which were established over marketing of cattle and over the distribution and consumption of beef precipitated so much discussion and controversy, was due largely to the fact that no such controls could be effective without seriously disturbing the cornerstone of the beef cattle industry—access to the United States market. The reason I refer to this is not because I want to go into it in detail, but merely to mention that in the process of months, as producers became more familiar with the reasons for these controls, and with the manner in which they were being applied, there has been very general acceptance of them—perhaps a reluctant acceptance but not a grudging acceptance. Unfortunately, in the process of arriving at this position, there has been a great deal of comment, more particularly public comment in the press, most of it, no doubt, with the best of intentions, but in many cases based on incomplete information, that has been bad publicity for the industry. The impression has been given that during the past year an acute shortage of beef has developed, especially in Eastern Canada in the larger cities such as Toronto, Ottawa and Montreal. Moreover, it has been implied that producers were rather callously allowing this condition to continue by withholding cattle from market in the hope of raising prices and thereby increasing their individual profits.

In the department we have tried to dispel some of the misconceptions upon which such comment has been based. We have tried to make it clear, as we have had the opportunity—both in press releases, press statements and as

members of the department have had occasion to address public meetings—that any scarcity of beef in the past twelve or eighteen months has not been due to any falling off or any lag in production, but has been due to the fact that requirements of meats generally have expanded more rapidly than production could keep pace with them.

The factors that have been responsible for this expansion in requirements I know are very familiar to the members of the committee. Briefly, they might be summarized under three headings: (1) the increase in purchasing power of our civilian population; (2) the fact that in order to provide rations for the men in the armed forces in Canada more meat is necessary than the same men would normally consume as civilians; (3) consumer substitution of beef for pork products requisitioned to fill heavy commitments of bacon to the United Kingdom. The cumulative effect of all of these three factors began first to be felt in 1941. By 1942 we had reached a place where we had actually no exportable surplus of cattle during the last six months. Without discounting the importance of the first two of these factors—that is, increased purchasing power and military supplies—I think it is not out of the way to claim that the major factor has been the substitution of beef for pork to fill that vacuum that has been created by heavy exports of bacon to the United Kingdom.

When I was here on Friday I noticed that Mr. Pearsall referred to the fact that the United Kingdom is now getting 85 per cent of her bacon requirements from Canada. In relation to our total tonnage of inspected meats of all kinds—beef, pork, lamb and veal—this quantity of bacon represented about 37 per cent of our total inspected meats processed in this country in 1942. That I think makes it apparent why there has been such a strain put on our beef supplies. The vacuum resulting from heavy imports of bacon has had to be filled.

Turning for a moment to the supply position I might mention that in 1942 our total tonnage of inspected meats was, roughly, 429,000,000 pounds. This represented an increase of 46 per cent over the five-year average, 1936-1940. You will notice there is one war year included in that average. That indicates the extent to which our meat production has been stepped up in this country under war conditions—a 46 per cent increase in 1942 over the five-year average, 1936-1940.

By the Chairman:

Q. When you mention meat production, what do you include as meat in those figures?—A. All pork products, beef, veal, mutton and lamb.

Q. Not poultry?—A. No, not poultry. I might mention in passing that even that tremendous output of meat that we had in 1942 would not supply more than 85 per cent of our requirements this year if there were no rationing and consumer demand was free to function without limit with respect to pork products. In 1941 our inspected slaughterings of beef were the largest on record, both in respect of numbers and tonnage. In 1942 it is true we fell down some 34,000 in number, but owing to the increased yield the total tonnage of beef made available last year was 17,000,000 pounds in excess of that of 1941. In other words, with fewer cattle by 34,000, we had 17,000,000 pounds more beef. Last November was an all-time record, as a monthly figure, for inspected numbers and tonnage of beef. In fact since last October there has been only one month, January, in which inspected slaughtering of cattle fell materially below the figures of a year ago.

By Mr. Wright:

Q. Have you any figures as to what portion of the total amount of the beef killed in Canada is inspected?—A. That is a question which is quite pertinent and it is one which cannot be answered very definitely. We have tried to arrive at an answer based on an analysis of hide figures, which is also

not an easy thing to do with complete accuracy. On the basis of that kind of compilation—the 1941 hide figures—it would indicate that 68 per cent of our cattle were killed under inspection and the other 32 per cent were either locally slaughtered or farm slaughtered. I think that is about as close a figure as we can come to.

Q. Has that percentage increased or decreased?—A. Our impression would be that in 1942 there was a material increase in the non-inspected. There was a diversion from what we call commercial channels to what we are in the habit of referring to as non-commercial channels. The extent to which in 1942 the inspected percentage was lower and the non-inspected higher than in 1941 has been variously estimated.

By the end of May of this year our tonnage figures on inspected beef were above those of the first five months of last year, and by the end of this month we will be above the first six months of last year not only in tonnaeg but also in numbers. It is clear, therefore, that despite the degree to which the statistical record for the past twelve months is incomplete, due to the diversion to non-inspected channels referred to by a member of the Committee, the output or disappearance of beef has been much higher not only during the past six months, but for the whole twelve-month period, than during the corresponding period a year ago.

It is in view of the strain that is being put on the whole meat supply in meeting expanding requirements that rationing and some control of slaughter has been found desirable and necessary. Another reason of course has been the increasing necessity of viewing the total food resources of the North American continent from the standpoint of the joint need of the United Nations. The extent to which rationing and control of slaughter may change the statistical picture is yet to be determined. Theoretically we would expect there would be some rediversion back to the commercial channels. If that should happen in the case of hogs, it will certainly facilitate filling the bacon contract on time. If it should happen in the case of cattle it might be expected to create a surplus in excess of what may be needed in our own country for our Canadian people.

It is obvious that with the exportation of live cattle under close control and with the market here operating under ceiling control, periodic surplus marketings of cattle could easily result in rapid and even serious recessions in cattle prices. To provide protection against the development of such a situation, arrangements have been made with which the Committee are familiar and which I think it is unnecessary for me to outline in detail. As the Committee are aware, the Bacon Board has been reconstituted as a Meat Board, and has been given authority to provide support to the market if and when required. This support will be given through the purchase by the Board of dressed beef when supplies are in excess of immediate Canadian military and civilian requirements. The purchase of live cattle by the Board is not contemplated. The prices at which the Board has been authorized to purchase beef at different seasons of the year will provide a floor to the beef and cattle price structure.

There are four points in the mechanics of procedure that are of primary interest to the producer. These have been dealt with in press releases, they have been dealt with by the Minister in the house and have been the subject of some discussion. The first point is that the beef ceiling throughout the whole twelve months period as now established will be a flat one, at the level it was reached on May 27.

By Mr. Evans:

Q. What is that price?—A. Basis Toronto, 19½ cents for the commercial quality—on a defatted basis the price would be 20 cents.

It is apparent that with the prompt clearing of any surplus beef, cattle should sell at a price equivalent to the ceiling except at times when there is an over supply. Until August 16 the board has been authorized to give

support to the market by purchasing of beef at a level 25 cents below the ceiling. This means that support will be maintained practically at the ceiling level until August 16. On August 16 there will be a drop of three-quarters of a cent in the support price and on September 18 there will be a further drop of one and a quarter cents.

By the Chairman:

Q. That is on the carcass?—A. On the carcass.

By Mr. Evans:

Q. That would reflect back on live cattle, would it not?—A. It will, when there are more cattle on the market than can be absorbed at ceiling prices, but it is the expectation that the purchasing of beef by the Meat Board will prevent cattle prices going below the equivalent of wholesale beef floor prices at which such purchases are made. During the late summer and fall months and until the following April, the floor price will follow what might be termed a normal seasonal cycle. Normally, on an open market cattle prices go down during the summer and early fall, and then gradually rise until they reach their peak somewhere in the following April, May or June. In contrast with the procedure followed a year ago, however, the market will not be forced down this fall by a decline in ceiling price. As already stated, the ceiling will remain a flat one, and prices should not go down to the equivalent of the floor price on beef except at times when the market is over-supplied. In other words, there will be an opportunity this year for cattle to sell at the ceiling at any time that the market is not over-supplied.

By Mr. Wright:

Q. What is the total fluctuation allowed?—A. The total from the ceiling to the floor at the lowest point of the floor is 2¼ cents. The meat board will give support at 25 cents below the ceiling up to the middle of August and then there is a drop in the middle of August to a cent below the ceiling and a further drop of one and one quarter cents in the middle of September.

Q. That is on carcass prices?—A. On wholesale carcass prices.

By Mr. Black:

Q. It would not be as much as that on live weights?—A. No, it would not be a full cent on live weights. Now, this means that from September 20th until April 24th next year there is no reason why cattle should sell for less than they did during the past comparable period except to the degree that they may at times during the past year have been above what might be considered a commercial relationship to wholesale beef ceilings. No doubt, it is generally understood by the committee that any beef that is secured by the meat board will constitute what is sometimes termed a stock pile. It will be stored in frozen form. This stockpile will be drawn on as required to meet Canadian military and civilian requirements in periods of under-supplies of fresh beef. Any beef that can be spared from it will be shipped to the United Kingdom under arrangements which are under negotiation at the present time.

By Mr. Evans:

What is the relationship of price between the ceiling price on beef and the price of live cattle, particularly in its relation to the United States market?—A. I knew I would not get very far before I came to that question, Mr. Chairman. Frankly, I prefer not to put on record any figures, for the reason, as will be fully realized by cattlemen on the Committee, that prices which can be paid for live cattle, to be in line with beef at a stated price, depend on the dressing percentage of the cattle and upon another factor which is not a static one—the allowance for killing credits. Without quoting a definite figure, I can put

it in this way, if you will permit me to; that at the present price of beef, a 1 per cent increase in the dressing percentage should add about 20 cents per cwt. to the live price. Killing credits, which are usually applied on the basis of so many cents per cwt. dressed beef, vary in the case of cattle dressing 55 per cent by approximately 28 cents per cwt. live weight, for each 50 cents increase per cwt. for killing credits. With such a wide range in equivalent live prices, it is hardly safe to quote one, and it is sometimes unwise to do so at a public meeting for two reasons. Any figure that is quoted, no matter how carefully it is tied in with a specified dressing percentage, is apt to register in the minds of many people, and might be used on the one hand by buyers in the effort to buy below their value cattle that are worth more. Conversely it may register in the mind of producer as the price he is entitled to get on cattle which on the basis of their dressing percentage are not worth that much. These are the reasons why I always hesitate to put a figure on record. Another reason is that at the present time we are looking very closely into the question of what is a proper allowance for killing credits.

Q. Would not the rail grading of beef help establish that price?—A. On the basis on which beef will be purchased by the Board it will practically amount to that; it will be rail grading in a sense, although not rail grading in a strict sense—

Q. I suppose you are familiar with the report which came out in connection with the investigation into the beef situation in British Columbia?—A. As the chairman of that committee, I should be.

Q. Yes, I was basing my question largely on what you stated in that report. —A. Well, one significant thing that you no doubt realize, if you have read the report as I assume you must have, is what it disclosed; and it has never been disputed that normally cattle arrive on the packers' rail with about the same cost against them irrespective of quality, and the differential that is paid live weight represents the difference in dressing percentage rather than any difference in quality. That to me is the most significant thing to the producer that was brought out in that report.

Aside from that I will leave the question of these controls to be dealt with in more detail, if it is the desire of the committee, by Mr. Pearsall who will be the manager of the meat board as he has been manager of the Bacon Board.

It might be worthwhile, Mr. Chairman, for me to refer briefly to what might be called the departmental policy in regard to the wartime production of beef. It is evident that for the duration of the war producers have been assured of an outlet for all the beef cattle they are able to market. This fact has resulted in the question being raised in some quarters as to why the government programs to expand cattle numbers is not urged officially. This question is not an unnatural one, and it is not an illogical one. To the producers who were affected by what happened during the last post-war period a partial answer will occur immediately. A more complete answer however is found in the necessity of integrating our whole live stock production program with potential feed supplies, not only in this country but on the whole North American continent. It has become increasingly evident that sometime within the next eighteen months the feed resources of the North American continent are going to be strained to the limit in supporting the greatly enlarged live stock and poultry population of the two countries. In the development of Canada's agricultural program therefore it has been necessary to provide for an uninterrupted, and, if possible, for an increase in output of products which are most urgently needed by Great Britain and which may be used by the united nations to the best advantage in food supplies to occupied countries when they are liberated.

If we were to give a priority rating to live stock products on that basis, and any such rating may be subject to revision, I think we would at the present time have to put bacon right at the top of the list. We would have to put dairy products, particularly cheese and concentrated milk, next, and possibly eggs third.

This does not mean that beef is being relegated to any minor position in our production program. As has been mentioned and as I have attempted to stress, beef now occupies a key position in Canadian meat rations, both military and civilian, and is likely to continue to do so for the remainder of the war. It does not imply, either, that any increase in cattle numbers resulting from the retention of the better bred heifers to replace older cows that can be discarded now to advantage at good prices is officially frowned on. It does, however, reflect the view that any trend in the latter direction, that is, any trend in increasing numbers, might better be allowed to develop on the basis of individual initiative and judgment rather than as a matter of departmental advice. An urgent appeal to increase cattle numbers; that is an appeal by the department with assistance from the provincial departments and agricultural organizations, might conceivably result in inflationary tendencies in the beef cattle industry such as we had in the last war. It might promote capital investment at what are pretty nearly peak prices and it might induce the incurring of obligations which in many cases, as it did in the last war, might carry over to the post-war period.

For these reasons, in so far as the Department of Agriculture is concerned —and the lead has been given by the Minister in this—advice has been limited to encouragement of increasing of yield and of marketing of cattle in the best possible condition, rather than of increasing of numbers. This advice has the support of the Advisory Agricultural Committee that was appointed this year and it is also supported by a number of the provincial departments of agriculture.

A great deal of progress has already been made in this direction, within the last year, without any necessity of it being actively encouraged by the department.

The committee might be interested in comparative figures. In the last three or four years the average yield on our inspected slaughterings of cattle —this is rather remarkable—shows that for 1939 to 1941 the figures were almost identical; it was 466 pounds in 1939, 466 in 1940, and 467 in 1941.

By the Chairman:

Q. That is the number of pounds of beef from each animal?—A. Yes, that includes everything, old cows as well as good cattle. In 1942 this average was stepped up to 500 pounds, and, as I have already mentioned, the result of that was that with 34,000 fewer cattle killed 17,000,000 more pounds of beef were obtained.

By Mr. Evans:

Q. The marketing of calves has fallen off some?—A. Yes.

Q. With the increase in weight of beef?—A. Yes, a good many of our cattle are being carried to older ages; a lot of our cattle are being better fed with the feed supplies we have had available during the past year. In the first four months this year there has been quite a notable further increase. I may mention in the first four months of 1942 the average yield was 493 pounds; in the first four months of this year the average was 521 pounds; taking the one extreme against the other, in the first four months of this year there was an average of 521 pounds, and in the first three years mentioned, 1939, 1940 and 1941, it was 466 pounds. Now, these yield comparisons and the point that has been mentioned by one of the members of committee in regard to the notable reduction in calf slaughter suggests that after all the producer does not need much of a lead as to what is the sound thing for him, not only from his own individual standpoint but also in the interest of the country in so far as beef production is concerned under war conditions.

Now, Mr. Chairman, I do not know that I have touched on the things that the committee are most interested in, but if there is any question that I can answer or questions that the committee have in mind that come more definitely

in the field of the meat board either Mr. Pearsall or I will be glad to contribute anything further we can.

By Mr. Perley:

Q. Can you give us any information in regard to the quota of cattle to the United States, how they arrive at it and where that cattle would be supplied from, either from the east or west; can you give any information with respect to that?—A. You understand there are no exports of live cattle just now.

Q. When the quota comes in again.—A. If there is no licensing it will be just as it was in the past, everybody will be free to ship until the quota for that quarter is filled when a higher rate of duty will apply; there has been no attempt to distribute the quota.

Q. The quota is filled at the present time?—A. There is no quota now. If we were shipping cattle to the United States there would be no quota limitation; that is a condition of the Mexican trade agreement for the period of unlimited emergency in the United States and Canada automatically benefits under the most favoured nation clause.

By Mr. Wright:

Q. Would you care to enlarge on the feasibility of grading of beef?

The CHAIRMAN: Rail grading?

Mr. WRIGHT: Yes.

The WITNESS: I do not mind admitting frankly that I do not expect to see it myself, but I think eventually a great many of our cattle will be sold that way; to me that is the only way in which the producer can expect to be paid for the value that he delivers on the basis of yield and quality. It is rather unfortunate, I think that producers have allowed themselves as a class to become rather skeptical about selling on the rail in the case of cattle. I think experience has indicated very definitely in connection with selling hogs on the rail, under the voluntary system, that a great deal more than half of our producers preferred on the basis of results they obtained to sell that way. I think the same thing would apply in the case of cattle.

By Mr. Wright:

Q. There has been no demand from these producers themselves for rail grading, producers and producer organizations?—A. No, I cannot say that there is.

By Mr. Evans:

Q. There is a definite trend to rail grading, don't you think?—A. I cannot say that it has registered yet. We have some spokesmen allegedly for producer interests who contend that the producers are against it.

Q. A survey made in British Columbia shows that there would be definitely a greater return to the man who produces the quality stuff.—A. Yes.

By the Chairman:

Q. In that same regard it was interesting to note a resolution passed at a recent meeting of the M.F.A., the Manitoba Federation of Agriculture, showing that in Manitoba the delegates went on record as opposed to the rail grading of cattle, and from the discussion I thought they were anticipating it was going to be brought into operation.—A. This might be the appropriate place to indicate that in so far as the departement is concerned, and I am quite sure, while I cannot speak for the minister, there has been nothing that he has ever said to indicate that producers will be forced to sell cattle on the rail until they are willing to accept it.

Q. I think perhaps the fear in the minds of the producers in connection with rail grading of cattle is that they see the stock being directed to the slaughter

houses where it loses its identity and they pretty much lose control over the selling of it. I think perhaps that is part of their fear in connection with rail grading.

By Mr. Evans:

Q. If they carry out the same principle as is done in hogs the cattle would be shipped to the slaughter house.—A. One of the reasons I have come to favour rail grading is the fact that to me it is the only way in which the producer can sell his cattle before they leave home with any assurance that they are bringing their full value. I think that is the way the stock ought to be sold. The producer would know what price he was going to get before his cattle leaves his own premises. The experience in marketing of live stock has always been that the producer periodically suffers from an oversupply of cattle on the market when he could have sold the same cattle for 25 or 30 cents the week before but because of oversupply he does not get that. If he sold his cattle at home he would avoid that hazard. I cannot see why a commission firm could give even better service to the producer than he does now by determining for him by canvass of the trade the best price he can get on the basis of a basic grade with differential, between grades those differentials might differ as between firms, but the commission firm should be able to determine for the producer the price available, and if the producer has his own stock at home until he concluded a deal.

Q. It works right down to the consumer; the consumer when he goes into the butcher shop will get a certain cut of meat of a certain grade.—A. The grading of the consumer is the other aspect of it, as one who had a great deal to do with the establishment of beef-grading services. I have to admit we have not gone as far in fifteen years as in theory we should have been able to go.

By Mr. Leger:

Q. Mr. Chairman, in New Brunswick I believe we have only one packing house at Moncton, New Brunswick. I was wondering what steps the board has taken in connection with the slaughtering of cattle?—A. I do not know that I understand what you mean.

Q. You have established a principle that a person selling has to have a licence; am I right?—A. Yes.

Q. All slaughterings are under licence?—A. Yes.

Q. We have only one slaughtering house in New Brunswick; we used to have men going around the country buying cattle alive and slaughtering them themselves.—A. Yes.

Q. And selling the meat to the meat stores.—A. Do you mean is there any quota on a federally inspected plant?

Q. In years gone by the farmer could kill his own beef and take it to the stores.—A. Yes.

Q. And sell it. I believe he cannot do that now.—A. I do not have anything directly to do with the licencing, and I would prefer not to make any statement as to the basis on which the licences are being granted in New Brunswick, but I would think that in that province, which is a deficiency area, there would not be much disturbance of what has been going on in the past, but not having anything to do with the issuing of licences I cannot be very specific in any reply. Mr. Pearsall may know more about that than I do.

Mr. LEGER: Does Mr. Pearsall know?

The CHAIRMAN: This situation in New Brunswick seems to be peculiar to New Brunswick alone. Mr. Leger has been attempting to get the reason why it was necessary to use the licensing measures to the extent that they have been used down there, which makes it so difficult for the producers to carry on the same type of activities so far as the meat trade is concerned that they had been accustomed to carrying on in the past.

Mr. LEGER: Our meat trade is only from milk cattle and, therefore, it is not good beef. If we have to sell to the packing houses we do not get any price for it to speak of, while in the old way of selling they used to sell to the person who was buying from the farmer or were selling direct to the stores, and in that way they were able to get the same price as they would have if it had been first-class beef. At the present time I think most of the meat has to go through the Swift plant in Moncton and, therefore, all our meat is of low grade and we get a low price, much lower than we used to get prior to this new regulation coming into effect. It has created quite a disturbance.

Mr. Ross *(Souris)*: I am sorry I was not here when Mr. Hamer started, but I presume he made some remarks about the establishment of a frozen beef trade which is anticipated to Britain, and I was wondering what the prospects are for that trade in the coming year and whether we will have the benefit of the U.S.A. market. I wonder what prospect there is for the establishment of the frozen beef trade and how it will be handled and if it is to be handled as between Britain and Canada or whether there is any prospect of a step-up in the supply of beef. The point I am getting at is what the future market will be, because I presume we will not have the advantage of the U.S.A. market as regards prices. Is that right?

The WITNESS: I would like Mr. Pearsall to answer that question because he has been in on more of the discussions as manager of the Meat Board than I have.

The CHAIRMAN: I wonder if Mr. Pearsall will deal with the question that Mr. Leger has brought up, or give us the principle on which these licences are issued if he is in a position to do so and then deal with Mr. Ross' question.

Mr. PEARSALL: I am afraid I cannot add very much to what Mr. Hamer has indicated. I am familiar with the general broad principles on which permits have been required by the Wartime Prices and Trade Board because we are similarly interested in the control of hog slaughter. After the slaughter permits were required by the Wartime Prices and Trade Board we had all commercial hog slaughterers licensed and we controlled the slaughter of hogs, but our order did not apply to farmers or to any persons operating only one retail store. Now, the Wartime Prices and Trade Board required the licensing of all slaughterers or required the slaughterers to have a permit, and the basic reason for that, the underlying reason is the question of rationing. In other words, if you are going to ration a product you must have control of that product before you can ration it. In a commodity like sugar or coffee that is imported into the country that is very simple; but when you undertake to ration meat in a country like Canada where probably somewhere between 45 and 50 per cent of our population have access to their own supplies it is an extremely difficult problem and, accordingly, all slaughterers were required to have permits basically for the purpose of rationing.

Mr. FAIR: Would that include, Mr. Pearsall, a farmer killing for his own use or killing to sell to his neighbour in ordinary consumption?

Mr. PEARSALL: Some exception is taken to that. In as far as farmers are concerned, farmers do not need slaughter permits for consumption on their own farms or for sale to their neighbouring farmers or for trade with their neighbouring farmers; that is, they can slaughter and sell to their neighbour or exchange with their neighbour, but presumably a farmer should not engage in retail business in urban centres.

The next problem that is rather difficult to deal with has to do with these remote areas that have no outlet or no organized outlet for marketing their live stock and are, furthermore, deficient areas. They may be described particularly as a large portion of British Columbia, virtually all of new Ontario—what is generally known as new Ontario—and certain areas of northern Quebec

and, generally speaking, most of the Maritime provinces. The basis on which slaughter permits were issued was somewhat similar to the plan adopted in the United States. They put it on a poundage basis. In other words, they required everybody who has slaughtered over a certain number of pounds—I think it is 10,000 pounds a year—to have a permit. The general principle adopted here was a point system. I cannot give you the point. It would be introduced if a man killed about fifty hogs or probably twenty-five cattle a year. He got a permit, and that was applied generally to the more settled areas, the surplus producing areas. I think I am correct in stating that in all the deficit producing areas, which I have described—and probably we have even gone farther and included counties like Parry Sound and counties like those in northern Ontario—permits have been issued to almost everyone who applied for them regardless of the volume they were slaughtering.

Mr. LEGER: That must have been done recently.

Mr. PEARSALL: Again I would like to state that this is not our responsibility. What information I have has been received second-hand from the Wartime Prices and Trade Board, and if I am incorrect in anything I am stating it is because of being misinformed. Secondly, I am given to understand that in most of these areas I have already outlined there is no restriction on the number they can slaughter. That is in so far as hogs are concerned. We do not put any restriction on the number of hogs they may slaughter in new Ontario or British Columbia and most of the Maritime provinces.

I might say that I am sorry I cannot give you any more useful information with regard to how many permits were issued or what restrictions there are on, and the only thing I can suggest to you is that you have to get the information from the officers of the Wartime Prices and Trade Board who are directly responsible for this matter.

The CHAIRMAN: Could you answer Mr. Ross' question?

Mr. PEARSALL: Mr. Ross' question was with regard to the prospects of export to the United Kingdom.

Mr. ROSS (*Souris*): I think there has been some indication that frozen beef would be shipped.

Mr. PEARSALL: The over-all general principle has been arrived at that exports to the United States will be discontinued by joint agreement with the United States and the United Kingdom, and any surplus meat available in Canada over and above our commitments for bacon or otherwise will go forward to the United Kingdom in the form of frozen carcasses or boneless beef. In other words, we have accepted a policy that any surplus which we have will be exported to the United Kingdom in the form of beef. Now, I would hesitate to make any estimate of what quantity we might be able to secure. I think the position is this, that if we have a 25,000,000 pound surplus that would go to the United Kingdom, and if it amounted to 150,000,000 pounds it would go to the United Kingdom.

The CHAIRMAN: At the present time there is no surplus?

Mr. PEARSALL: Up to the present time there has been no surplus, but from any advice or information we can get there does not seem to be much prospect of any surplus in the immediate future.

Mr. ROSS: (*Souris*): I understand that there is a defintie agreement between the United States and the United Kingdom and Canada?

Mr. PEARSALL: Yes.

Mr. GOLDING: That is only for the duration.

Mr. PEARSALL: There is no specified time stated. Presumably, it is for the duration.

Mr. MCCUBBIN: Is there any price stated in that arrangement?

Mr. PEARSALL: Do you mean the price to the United Kingdom?

Mr. MCCUBBIN: Yes.

Mr. PEARSALL: No, the agreement with the United Kingdom with respect to prices has not yet been finalized. The general policy outlined is that our board will support cattle prices and buy beef at the floor prices. Mr. Hamer has indicated that if we were to buy beef up to the 17th August we would buy it at a price of 25 cents under the ceiling and in the fall it would be $2.25 under the ceiling and, presumably, that would be our selling price.

The CHAIRMAN: The price has not been negotiated as yet on beef with the United Kingdom?

Mr. PEARSALL: No, but the prices we would buy at then would be the floor prices as set in the memorandum and the announcement that has been made.

Mr. MCCUBBIN: Unless the price is depressed or the packers refuse to buy or feel they have enough in their storage you will not buy for the United Kingdom.

Mr. PEARSALL: Unless there is enough beef on the market or the packer is prepared to sell the board at the prices we are offering, which are the floor prices, then we will not get beef.

Mr. MCCUBBIN: See what happened yesterday in Toronto where a lot of the cattle were not sold. The packers were laying off to see if they could depress the market. The cattle were not sold and the cattle market dropped in Toronto. The price may have dropped further to-day. When would you step into the picture?

Mr. PEARSALL: We will step into the picture the minute the packer has any beef he will sell us at the floor price—we will take it.

Mr. WRIGHT: The price of beef can drop 5 cents and it will not make any difference to the price to the farmer.

Mr. PEARSALL: It might conceivably.

Mr. FAIR: Do you think there should be some control of prices there—a guarantee to the producer?

Mr. PEARSALL: Do you mean with regard to the question of live prices?

Mr. FAIR: The man who has got to take his price on the live price I think should be protected to a greater extent than the processor. The point I was trying to make is that the processor or packer is at all times guaranteed a certain price.

Mr. PEARSALL: Yes.

Mr. FAIR: But regardless of any overcrowding of the market or over-supply of the market then the producer is not guaranteed any floor.

Mr. PEARSALL: Not on live cattle.

Mr. FAIR: That is the point I am opposed to, because if the other fellow is guaranteed a price the producer should be guaranteed one also.

The CHAIRMAN: How do you mean that the packer is guaranteed a price under this arrangement?

Mr. FAIR: He sees to that himself.

The CHAIRMAN: He is not guaranteed a price by the government.

Mr. WRIGHT: Yes, he is; he is guaranteed a floor under which he can sell to the board.

Mr. PEARSALL: That is right, an open order. We will take all surpluses at the floor price.

Mr. WRIGHT: He is guaranteed that floor base price.

Mr. ROSS (*Souris*): The principle is the same with regard to bacon.

Mr. PEARSALL: It is virtually the same principle. The prices will vary throughout the year. Right now they will be 25 cents below the ceiling price for carcass beef.

Mr. LEGER: What is the price at the present time?

Mr. PEARSALL: Twenty cents in Toronto for commercial defatted beef carcasses. That varies according to the uses.

Mr. MCCUBBIN: What is the price for the red brand?

Mr. PEARSALL: Twenty-one cents, a cent more.

Mr. MCCUBBIN: Mr. Chairman, I think we had better adjourn as it is after 6 o'clock and I should like to pursue this matter further at another time. There are a great many points that Mr. Hamer and Mr. Pearsall could bring out.

The CHAIRMAN: If the committee wish these gentlemen to return I am sure they will be available at a later date. We will adjourn.

The committee adjourned to meet on Thursday, July 1, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

THURSDAY, JULY 1, 1943

FRIDAY, JULY 2, 1943

WITNESSES:

Dr. E. S. Archibald, Director of Experimental Farms Department of Agriculture.

Dr. L. H. Newman, Dominion Cerealist, Experimental Farms, Department of Agriculture.

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1943

MINUTES OF PROCEEDINGS

THURSDAY, July 1, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Cardiff, Cloutier, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Fontaine, Furniss, Golding, Gregory, Hatfield, Henderson, Kirk, Leclerc, Leger, MacKenzie (*Lambton-Kent*), McCuaig, McNevin (*Victoria, Ont.*), Mullins, Perley, Quelch, Rhéaume, Rickard, Ross (*Souris*), Ross (*Moose Jaw*), Senn, Soper, Tustin, Ward, Weir and Wright—34.

In attendance: Dr. E. S. Archibald, Director of Experimental Farms, Mr. M. B. Davis, Dominion Horticulturist, and Dr. L. H. Newman, Dominion Cerealist.

The minutes of the last meeting held on Thursday, June 29, were read and, on motion of Mr. Golding, approved.

Before proceeding to the order of busines, Mr. Golding referred to remarks made in the House on June 30 by Mr. Fair and quoted the latter as having said that he had been "howled down in the Agricultural Committee". Mr. Golding suggested that this was a serious reflection on the members of the Committee and that Mr. Fair should either prove or withdraw his statement. Discussion followed, several members taking part.

Mr. Fair replied that his statement had been withdrawn in the House at the request of His Honour, the Speaker, and that he had nothing further to withdraw in Committee.

The Chairman suggested that this matter be left in abeyance until a complete record of the incident had been obtained from Hansard.

The Committee agreed.

Dr. Archibald was called. He made a general statement on some of the research activities of the Department of Agriculture and was examined.

The Chairman announced that Dr. Archibald and his assistants, Dr. Newman and Mr. Davis, would be available at the next sitting to give further information to the Committee.

At 1.15 p.m., on motion of Mr. Golding, the Committee adjourned until to-morrow, Friday, July 2, at 11 o'clock, a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF PROCEEDINGS

FRIDAY, July 2, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Cardiff, Dechene, Douglas (*Queens*), Evans, Fair, Furniss, Gardiner, Golding, Gregory, Hatfield, Henderson, Kirk, Lafontaine, Lalonde, Leclerc, Leger, MacKenzie (*Lambton-Kent*), McCuaig, Perley, Rhéaume, Rickard, Ross (*Souris*), Ross (*Moose Jaw*), Senn, Ward, Weir, Wright—27.

In attendance: Dr. E. S. Archibald, Director of Experimental Farms; Dr. L. H. Newman, Dominion Cerealist, and Mr. M. B. Davis, Dominion Horticulturist.

The minutes of the last meeting held on Thursday, July 1st, were read and, on motion of Mr. Ross (*Moose Jaw*), approved.

Referring to the discussion which arose at the last meeting with respect to Mr. Golding's objections to an observation attributed to Mr. Fair, the Chairman quoted from Hansard of June 30, page 4272, and ruled that the withdrawal made in the House by Mr. Fair should be accepted by this Committee.

The Chairman also expressed the opinion that the incident having occurred in the House, the discussion which ensued in Committee at yesterday's sitting was out of order. He submitted that this discussion might properly be deleted from the record and asked an expression of opinion on this matter.

Mr. Ross: (*Moose Jaw*), moved that the stenographic report of the discussion which arose at the last sitting out of the question raised by Mr. Golding, be not printed.

The question being put, it was resolved in the negative: Yeas, 8; Nays, 14.

Dr. Archibald was then recalled and further examined.

On motion of Mr. Ross (*Moose Jaw*), a vote of thanks was extended to Dr. Archibald for his attendance and for the valuable information brought to the attention of the Committee.

Dr. Newman was called. He reviewed the activities of the Cereal Division of the Experimental Farms and was examined.

The Chairman extended to Dr. Newman the thanks and appreciation of the Committee.

At 12.55 p.m., on motion of Mr. Wright, the Committee adjourned until Tuesday, July 6, at 11 o'clock.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 1, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11.00 o'clock a.m. The chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we have a quorum. I will ask the clerk to read the minutes of the last meeting.

Minutes read and approved.

Mr. GOULDING: Mr. Chairman, before we start on to-day's proceedings, our friend Mr. Fair made a statement in the house yesterday that I was quite surprised to hear him make when he made a positive statement that he had been howled down in this committee. And now I think that Mr. Fair in all fairness to the members of this committee should tell us what day that happened and what the particular item was that he was trying to discuss, or trying to bring to the attention of the committee when he was howled down by the members of this committee. I think that is a serious statement and is a reflection on every member of the committee; and to have that broadcast across the countrty is in my opinion most unfair, and to live up to his good name I think he should tell us now what particular time this occurred, and what was the incident in connection with it.

Mr. FAIR: Mr. Chairman, some people are so busy howling that they cannot see anything beyond their own view; and, well, any member of this committee, if the hat fits he is welcome to wear it; all that is necessary for him to do if he knows the committee is to think back on things that have happened here and they will—

The CHAIRMAN: Now Mr. Fair—

Mr. GOLDING: That is no answer at all.

The CHAIRMAN: Now, Mr. Fair, as chairman of the committee I really thought that was some reflection on my direction of the committee, my guiding of the committee from the chair. In so far as I am concerned I want to say quite plainly that in carrying out my responsibility I have tried to be fair to every one in presenting their views and their arguments to the committee. I take it that there was no reflection on the chair in so far as the observations you made were concerned I have deliberately on many occasions when a member has been speaking and another member attempted to get to his feet insisted on having the member have the floor and continuing. There have been many occasions where other members have tried to take the floor while a member has been speaking, and the situation thus presented was not at all pleasant. I hope that the observations that were made were not intended as a reflection on the conduct of our meetings in so far as the chair was concerned.

Mr. FAIR: Mr. Chairman, there is no reflection whatever in so far as I am concerned on the chair, none whatever; but there are certain members of the committee who have from time to time tried to prevent me from speaking.

The CHAIRMAN: I am bound to say, Mr. Fair, that I do not think that is a fair statement for you to make.

Mr. LEGER: Mr. Chairman, I think—

Mr. FAIR: If I might recall one incident, I might refer to one day when I was asking a question of Mr. McIvor and someone else butted in after I had the floor. You will perhaps recall that as one incident.

The CHAIRMAN: No, I do not recall it as one incident.

Mr. DONNELLY: I can remember quite well that I had the floor when asking Mr. McIvor some questions, Mr. Fair, and you prevented me asking those questions, and I had to refer to the chair before I could proceed. It was not a question there of interrupting you; that was a question of you interrupting me. I will leave it to the committee to say whether or not that is so.

Mr. MULLINS: After Mr. Fair made that statement on the floor last night—

Mr. QUELCH: I think that statement that Mr. Fair made about the conduct of the committee should be taken in conjunction with the whole statement which he was making at that time which was to the effect that parliamentary committees are controlled by the party in power, the government—and you cannot get away from that fact.

Mr. Ross *(Moose Jaw)*: Why do you say that, why do you say that our party controls these committees?

Mr. QUELCH: Because they are preponderant. The Liberal members far outnumber the rest of us on these committees.

Mr. Ross *(Moose Jaw)*: Oh, now—

Mr. QUELCH: When we are discussing the matter, you might recognize the fact that invariably you find that on important issues the committees are divided on parliamentary lines; that was true even in the Return Soldier Committee, which I should say is the least partisan of any.

Mr. Ross *(Moose Jaw)*: Just a minute—

Mr. QUELCH: Let me finish, if you don't mind; when a report is drawn up you will generally find that the committee divides on parliamentary lines; therefore, the point Mr. Fair was making at the time that in judging a member of the house, in view of the fact that a charge is being laid to the Prime Minister, it was only natural that that particular member would not receive justice from that committee because he would be a judge on the party lines.

Mr. DECHENE: You mean, he would not get justice?

Mr. QUELCH: He would not get justice, exactly.

Mr. DECHENE: Then you mean to say that to most of us in parliament the fact that the Prime Minister made a charge would have had a very great effect on the Liberal members of that committee. I am satisfied that in the final summing up you would find that a large number of the opposition would be on one side and the Liberal members on the other—and surely it was in conjunction with that that Mr. Fair was complaining at the time.

Mr. FAIR: You are one man who has tried to howl me down.

Mr. DECHENE: You are a damned liar.

Mr. FAIR: I demand that that be withdrawn right now.

Mr. DECHENE: I doubt if there is a man in this committee who has minded his own business and listened as carefully as I—If that can be said of anybody, I am the man.

Mr. FAIR: Mr. Chairman, I demand that such a remark be withdrawn.

Mr. DECHENE: It is a lie anyway.

The CHAIRMAN: I think perhaps at least the language might be modified.

Mr. FAIR: Mr. Chairman, I demand that that remark be withdrawn right now.

Mr. LEGER: I belong to the Agricultural committee and I believe that I have attended all the meetings since 1940; and if you look over the record of this committee for this year I cannot see why Mr. Fair should attack the committee

in the House of Commons like he did. It is all there, you will see it all on the record. I have gone through the records this morning and take my own case, for instance; I was getting up and asking a few questions and then I was interrupted by somebody else. I believe Mr. Fair interrupted me himself, while he did not mean to interrupt me but just wanted to ask a question along the line I was asking—and after that I asked it again and finished my argument. I do not think there is anything wrong with that. I think that when a member gets up he has something in his mind pertaining to the question asked. I do not think that he should go out and attack the committee like he did yesterday.

Mr. QUELCH: On a point of order—

Mr. LEGER: I am not through yet.

Mr. QUELCH: On a point of order: are you going to allow a man to maintain in this committee that another man is a damned liar? That statement should be withdrawn before any speeches are made. Before that speech is completed the Chairman should rule whether that statement should remain; otherwise you are making a farce of the whole committee and it amounts to nothing more than a regular dog fight.

(Owing to the physical impossibility of reporting a number of speakers simultaneously the record is necessarily incomplete in some respects at this and subsequent points.)

Mr. LEGER: I am speaking on the point of order, I was just going to mention about Mr. Dechene. When this committee opened this morning we asked Mr. Fair to take his words back but he did not do so; then he accused Mr. Dechene of being one of the members who interrupted; and then Mr. Dechene perhaps on the spur of the moment called him a liar. I believe that Mr. Fair should take his words back first and then Mr. Dechene afterwards.

Mr. Ross *(Souris):* I am also speaking on a point of order and I think we should at least use parliamentary language—whether he believes him to be right or wrong, nobody has any right to call Mr. Fair a damned liar. I distinctly remember the reference Mr. Fair made when he asked the question, and with all due respect to Dr. Donnelly he attempted to give the answer rather than Mr. McIvor. I know, Mr. Chairman, that at times you have had great difficulty in conducting the meetings of this committee, it has not been an easy job and I think that from the way you have handled it that you have done a very fine job of it; but I do distinctly remember that Dr. Donnelly twice attempted to give an answer which Mr. McIvor should have given, and Mr. Fair had to go ahead and insist on Mr. McIvor giving the answer which I thought he was entitled to because of the fact that an answer given by a member of the committee does not carry the authority with it that attaches to an answer given by an official such as Mr. McIvor who has been before the committee.

Mr. DONNELLY: I resent that very much, Mr. Chairman. I remember, and I do not think Mr. Ross or anybody else should get up and tell me that I am giving evidence—

The CHAIRMAN: Order, please. We have a business session of the committee this morning and I do not think we should take up all the time of the committee in discussing other matters. However, I do think at least that possibly Mr. Dechene's language was a little unparliamentary. I think he realizes that now and perhaps if he would at least modify it—

Mr. DECHENE: I attempted to make a statement and Mr. Fair absolutely could not find anything in the record, not even a word, that would show that I ever attempted to interfere or to interrupt him or any other member of this committee. As a matter of fact, I have been a little slow many times when I should have taken part; and I have often thought to allow this committee to proceed is because it is time we got through with our business in Ottawa

and went home. That is the way I have been feeling for several weeks now. But I cannot find anything from my words to justify his declaration that I interrupted him, that is a fact which never existed. However, I have been too long in political life to lose my temper. I never expected to lose it in this committee. I thought I was going to help the committee at every opportunity. I am sorry that anything of this kind has arisen, particularly on a day like this. And if I may be allowed one further word I will say this; that not only on the 1st of July but long before Mr. Fair knew that there was a 1st of July—I have spent the best years of my life in order not to fight with my fellow citizens but to make better understanding and friendship, not only with respect to political parties but everybody with whom I have been in touch in the west for many years. I am very sorry that to-day the occasion arose that compelled me to lose my temper and compelled me to say anything like this; but the attack he made yesterday in the house was so unwarranted; because he said himself when some body asked him that it was on the spur of the moment in discussion—he was asked where he was howled down and he said in the agricultural committe for instance—that is exactly what he said in the house.

Mr. FAIR: I demand a withdrawal of that statement.

Mr. DECHENE: I will not withdraw. I am the last man in the world you can make do a thing like that, and I am not going to take a statement of that kind from you—

Mr. GOLDING: Well now in all fairness to every member of this committee; Mr. Fair has now asked Mr. Dechene to withdraw—

Mr. QUELCH: Has he withdrawn it?

Mr. GOLDING: He has withdrawn his statement which was unparliamentary; and now I think Mr. Fair might withdraw the statement which he made in the House of Commons that he was howled down in this committee. And now, in all fairness to every member of this committee he must either prove that or withdraw it.

Mr. EVANS: He should apologize before the house.

Mr. GOLDING: Now, reference has been made to Dr. Donnelly, that he attempted to answer the question that had been asked by Mr. Fair. Now, you are going to refer to the record to see what is there. You have only to read the discussion that took place at that time and that might enable you to draw a somewhat different conclusion: here is what was said:

By Mr. Donnelly:

Q. What was the difference between the street and carload lots last year?—A. I would say that it would be about a cent a bushel on the average.

Mr. DONNELLY: We recommended here in this committee; I think it was brought up by Mr. Fair, if I remember correctly; that the carload lot should be reduced from 750 to 500; and then there was a further recommendation that it should be cut out entirely and we did ask that the carload lot be done away with and the spread eliminated; and in that way we saved a cent a bushel on about three parts of the wheat shipped from farms.

Mr. FAIR: Would Mr. McIvor explain what steps have been taken to bring about a reduction?

Mr. DONNELLY: I was just going to ask him that.

The WITNESS: I will have to draw on my memory just a bit, although I think I am fairly accurate on the sequence of events; I will give it as best I can: at the outset I personally had a telegram from—

Mr. DONNELLY: I just want to draw to the attention of the committee that here I have the records of what took place last fall.

Now, I would just like to draw the attention of the committee to what is here; I think the record shows what took place at that time:

Mr. FAIR: I wonder, Mr. Chairman, if the witness could give us that instead of some of the members; in that way we will be able to get it authentically.

The CHAIRMAN: Mr. McIvor can answer your question.

Mr. DONNELLY: I was just going to ask Mr. McIvor a few questions, if I might, in connection with that very thing. Now, we here in this committee, if I remember rightly, recommended that this difference between street wheat and carload lots be done away with and that they both be handled as carload lots. I have in my hand here a copy of the report which appeared in the Calgary *Herald.*

Mr. FAIR: I wonder if Mr. McIvor could answer my question?

Mr. DONNELLY: I was asking questions when you butted in; just let me ask my question and then you can ask yours. I have in my hand here a clipping from the Calgary *Herald,* dated April 8, 1942, where Mr. Purdy says that "the pools introduced the idea" of doing away with the difference between street price and carload lots. I maintain, Mr. Chairman, that that is not correct; that the idea originated in this committee by Mr. Fair himself, right here, and not Mr. Purdy. If Mr. Purdy says that he was the one who originated the idea, or that the pools were, they are trying to take credit for what is coming to this committee. This committee was the one which in our recommendations of last year asked that this difference between the street wheat and carload lots be done away with. It was done away with, and it was without the pools starting it at all. I will say this, that the pools were the first to agree to what we recommended; and the pools did at that time agree to do what we recommended, and agreed to do away with the difference between the street wheat and carload lots. Arising out of that and immediately after they did that the Midland-Pacific made representations to the government to do away with or reduce charges; and they were followed by the Pioneer Grain Company—and I have all the material here which shows where they said they agreed to cut it by a cent or a cent and a half—and then there was the Alberta Pacific, the Reliance Grain, the National Grain, Western Grain Company, the Alberta Pacific, Federal and National; they all agreed to reduce the rate from a cent to a cent and a half. If these charges could be reduced the difference would mean a great gain to the farmers in that cent to a cent and a half. And the first start in that change was made right here; it originated, I say and I maintain, right here in this committee last year. And by effecting a saving from a cent to a cent and a half to the farmers of western Canada, as applied to their 280,000,000 bushels, it represents between $2,800,000 and $4,200,000; and don't forget that was the work that we did right here in this committee.

Mr. FAIR: Could I have an answer to my question now, Mr. Chairman?

The WITNESS: Mr. Chairman, I am quite willing to say at the outset that the first suggestion came from this committee on the reduction of the charges.

Some Hon. MEMBERS: Hear, hear.

That is the discussion that took place and rather than being unfair to Mr. Fair that Dr. Donnelly gave him every credit for bringing this matter to the attention of the committee last year. And now, the fact of the matter is that I do not think

that any member of this committee will dispute the fact that Dr. Donnelly was answering the questions and that Mr. Fair stepped in with his question. But apart from that, will Mr. Fair say that in this case he was howled down by the committee? Is that a fair statement to make in the House of Commons and have that spread across the country? I think Mr. Fair should either substantiate his statement by the records or he should withdraw the statement that he has made. I think in fairness to every member of this committee that is not asking too much.

Some Hon. MEMBERS: Hear, hear.

Mr. WRIGHT: I have not had a great deal of experience with the committees of this house. I sat on a committee of soldiers' affairs, on the social security committee and on the agricultural committee and I must say this, that we in the opposition have had less fair treatment on this agricultural committee than any other committee I have sat on in the house.

The CHAIRMAN: Just repeat that, would you?

Mr. WRIGHT: I say, we have had less fair treatment on this agricultural committee than on any other committee that I have sat on.

The CHAIRMAN: You mean you have been treated less fairly?

Mr. WRIGHT: Less fairly, yes.

Mr. LEGER: In what way?

Mr. WRIGHT: On several occasions the opposition both in the meetings last year and this agricultural committee, and in the meetings this year, they, the majority have deliberately tried to dominate it.

Mr. ROSS (*Moose Jaw*): The majority always does.

Mr. WRIGHT: I think anybody who knows me realizes that I have never attempted—that would be my impression, and I would be less than fair if I did not get up and say so; and I think the other members here in the opposition group will agree with that; and I think that all the members of this committee who have sat on the opposition side must admit that fact; at least, certainly that is the way it has appeared to me; I think Mr. Fair's statement yesterday was a fair statement of what has taken place.

An Hon. MEMBER: That he was howled down?

Mr. WRIGHT: This committee has been dominated more than any other committee I have sat on in this house by government members in the committee.

Mr. ROSS (*Moose Jaw*): That is not what Mr. Fair said. Mr. Fair said that he was howled down in this committee.

Mr. WRIGHT: What are you doing now?

Mr. ROSS (*Moose Jaw*): I am arguing with you; if you do not want me to, say so.

Mr. WRIGHT: That is exactly what you have been doing on this committee since I came on it.

Mr. ROSS (*Moose Jaw*): I am arguing with you—

Mr. WRIGHT: Instead of listening and getting my view of it. That is exactly what we are complaining about.

Mr. MULLINS: You take up your share of the time all right.

Mr. WRIGHT: Anybody can read the records and judge how much of the time I have taken up in this committee. I just wanted to make my point but you see how far I got—

Mr. ROSS (*Moose Jaw*): Let us carry that out from now on; that when a member is speaking no other member be allowed up to say one word except the man who has the floor.

Mr. GOLDING: Go ahead, Mr. Wright.

Mr. WRIGHT: That has been my impression and I just wanted to put it here fairly and squarely so that the committee might have my impression of what has taken place in this committee.

Mr. RICKARD: I was very much surprised yesterday when I heard Mr. Fair make the statement he did. Personally I have always had a very great respect for Mr. Fair—and I certainly was very much surprised to hear the statement he made, because I have been a member of this committee for several years and it has always seemed to me that this is one committee in which we have an opportunity to say what we want to say, and we did so for what it is worth. I do not remember Mr. Fair in my recollection being howled down as he said. But there is a great difference in being howled down and fairness and being able to say what you think. And now, I know that we have had an argument today; everybody will agree with that. We do not always agree with each other, and we certainly do not agree as far as parties are concerned—but that is quite a different story to being howled down. I would just like to say that as far as I am concerned there has never been anything of that kind at any meeting of this committee that I have ever attended.

Mr. DONNELLY: Mr. Chairman, I have sat on four or five committees every year, and I have been here in the house and I have spent a good deal of my time in committees and I have never sat on any committee where I could say that any man, whether he be opposition or government member, did not receive fair play or where he was treated unjustly or unfairly; nor have I ever seen on any committee that I have ever been on a man that was howled down. It is true that you are either for the government or against the government, that in the committees the opinion of government members usually prevails. When we were in opposition the government was the same way. When the conservative government was in and they had a majority, of course their opinion prevailed; and you certainly did not get your own way when you were in opposition, whether you were the Liberal opposition or the Conservative opposition, or whatever side of the opposition you belonged to. You are not going to get your own way even then always; I think it was in this agricultural committee which I sat on away back in 1927, 1928 and 1929 where we came at that time with a resolution on the Grain Act, and it was the government members who moved for an amendment to the Grain Act which the government was not supporting; and the government members, we were the ones doing the thing, trying to get it; and we were determined and we got it; and we did not always have the opposition members in the house supporting us either, I would say that it was a few of us from western Canada, liberals, who forced the other men to come in with us; and that is what happened, and that is the only time that I saw that the government did not have its own way; and then it was not they who did it, it was us who were doing it.

Mr. WARD: I think it would be wise to refresh our memories somewhat in connection with Mr. Fair's statement last year. My memory is very very clear on it. It will be recalled that when the question of eliminating the carload rate on a delivery of grain was before the committee Mr. Fair moved that it be reduced from a 1,000 bushels, I think it was, at that time to 750 bushels. Later another member at a subsequent meeting of the committee moved, seconded by myself, that the carload rate be reduced—be wiped out entirely. Mr. Fair, the records will show, opposed that reduction and said that if we moved—

Mr. FAIR: It is on the record.

Mr. WARD: Yes, it is on the record. I know that Mr. Fair opposed that reduction and gave us his reasons for his opposition that would likely result in us not getting any reduction whatever.

Mr. FAIR: Yes.

Mr. WARD: However, the majority of the committee prevailed and the resolution was passed and the pools and the Grain Board accepted it and thereby we got a reduction. If you go back—if you will look up that part that Mr. Golding just read to the committee—it was Mr. Fair's position, his discovery that he was defeating himself, he was sorry perhaps that he had not moved that it be wiped out entirely; but he was going to get much political kudos out of it. I have been watching him very closely for the last three years, and if there is any man in the committee who becomes obsessed with anything it is Mr. Fair; and he has had a reasonable hearing and he has had a reasonable consideration before this committee; in fact, he has taken up a great deal more time in this committee than the average member of it. And I think, Mr. Chairman, that we should have no more troubles like we are getting in to-day. And now, just a word as to what Mr. Wright said: there is no vestige of evidence that there is any truth in it. We are only making ourselves entirely ridiculous if that goes out before the country. After all, I do not take second place—I do not flatter myself that I have to take second place to Mr. Wright or anybody else as to my honesty—

Mr. PERLEY: No one howled you down there.

Mr. WARD: I take second place to no man in respect to my honesty—no one has ever been howled down in this committee.

Mr. MCNEVIN: Mr. Chairman, we have been discussing now for half an hour this matter of Mr. Fair's withdrawal. We have with us to-day officials of the Department of Agriculture, and I believe they include Dr. E. S. Archibald, who is in charge of the experimental farms, and they have come before this committee to give evidence, and I think we should hear them. Now, I think this matter has gone far enough and the Chairman should rule as to whether or not Mr. Fair should withdraw that statement, and then we should forget this bickering and get down to work.

Some Hon. MEMBERS: Hear, hear.

Mr. LECLERC: That is just what I was going to say. We have been here for half an hour now and we have just been chewing the rag and chewing the rag. It is going on to 12 o'clock. I do not know what the meeting was called for, but I would suggest that we go on and hear the gentlemen who want to give us some information about their part of agriculture.

Mr. SENN: Could we not hear them?

Mr. MCNIVEN: The chairman should rule.

Mr. GOLDING: Will you tell us what you decide.

The CHAIRMAN: I certainly think the observation by Mr. Fair was uncalled for and I do not think that it is correct. I think he should withdraw it in deference to the mmbers of the committee. I do not know what authority there is to require him to do so. I have been looking at the rules—

Mr. DONNELLY: The same rules as apply in the house apply here.

The CHAIRMAN: —and I leave it to Mr. Fair to say just what he thinks with respect to it, and afterwards we can refer to the rules. Have you anything more to say, Mr. Fair?

Mr. FAIR: Mr. Chairman, I do not think I have very much to say. I have been here before this committee and I realize I am pretty much in the minority. I feel also that the statement made by Mr. Ward was entirely without foundation. I have no political aspirations whatever, as far as this committee is concerned, because I know that I can go back to the people who sent me here and nothing that may be said here in this committee or in this house against me will interfere in any way with my political life. As far as the statement I made yesterday in the house is concerned I withdrew that statement in the house while making

it. It is now for this committee to deal with me as the committee thinks fit. I believe my statement or the portion of it read by Mr. Golding did not include any reference to being howled down. I would like it very definitely understood that the Hansard record could not include the interruptions, the howling down, because the evidence shows, the record shows that Dr. Donnelly continued with his questioning, and that some time later I did get my question answered by Mr. McIvor.

The CHAIRMAN: I think I remember the incident to which you refer. I think that Dr. Donnelly had the floor. But do I understand you to say that you withdrew the statement you made in the house yesterday?

Mr. FAIR: The statement made in the house yesterday was withdrawn.

The CHAIRMAN: I beg your pardon?

Mr. FAIR: The statement made in the house yesterday was withdrawn by me at the request of the speaker and in compliance with the rules of the house.

The CHAIRMAN: Well then, I feel that this discussion has gone far enough.

Mr. GOLDING: Did that include the complaint that you had been howled down in the agricultural committee?

Mr. ROSS (*Souris*): We are not getting anywhere at all. We have important witnesses here and their time is valuable, and I do not think we should take all day here on this matter. Mr. Fair has just made a very fair statement. I suggest that we get along with our business. We are not getting anywhere now. We have very important officials here and their time is valuable and we want to hear them.

Mr. GOLDING: Mr. Ross, we want to be fair to you, we are just as anxious to hear this evidence as you are, or anybody else; but there was a definite statement made in the house yesterday which reflected on me and you and every member of this committee. And now, the question is, is that statement which was made true? Well, that portion of the evidence taken from the committee report which I read shows definitely that it was Mr. Fair who interrupted Dr. Donnelly, that Dr. Donnelly certainly had the floor at the time. That particular statement speaks for itself. Then, there was the statement that was made in the house which will go right across the country, that Mr. Fair was howled down in this agricultural committee. That is not a fair statement, and it is not true; and if Mr. Fair is as fair as his name indicates he will withdraw that statement, and I think he should do that.

An Hon. MEMBER: Mr. Chairman, I think the rules are fairly clear on that—

Mr. EVANS: That is what we are complaining about, and that is what Mr. Wright complained about; I think there was some justification for it. But if Mr. Fair tells this committee that in his withdrawal in the house yesterday of his statement that he made that included in that withdrawal is the statement that he was howled down in this committee; so far as I am concerned I am perfectly satisfied with that explanation; is that so, Mr. Fair?

Mr. FAIR: Mr. Chairman, I made a statement in the house yesterday and I am not enlarging on that in any way; I made a statement in the house and I followed the rules of the house and I withdrew in compliance with the rules of the house and at the direction of the speaker.

The CHAIRMAN: You withdrew?

Mr. FAIR: I withdrew my statement yesterday in the house. It is up to the chair and the committee to deal with me as they see fit. I am not doing any more withdrawing whatever.

The CHAIRMAN: I do not recall the withdrawal you made in the house yesterday.

Mr. EVANS: It will be on the record.

The CHAIRMAN: Yes. I have not seen the record. If I understand you to say that you withdrew your complete statement; if that means you withdrew your reflections on the committee. I think that would meet the situation fully.

Mr. FAIR: I again repeat that I made a statement in the house and in accordance with the rules of the house I was compelled to withdraw it and I withdrew it in accordance with the speaker's ruling. There is proof again, Mr. Chairman, that the people do not know what they are talking about; but I am doing no more withdrawing, deal with me as you will.

Mr. Ross (*Moose Jaw*): Mr. Chairman, what I would like to know is this—I did not want to interrupt while the other gentleman was speaking—but, Mr. Chairman, some people get a kind of persecution complex apparently, and when anybody does not agree with them they are entirely wrong. I have noticed that some of the members in some of the minority parties in the house if you do not agree with them you are a no-nothing or you are trying to persecute them in some way. And now, speaking as one member of this committee I want to say that Mr. Fair has always had a fair chance in this committee at all times.

Some Hon. MEMBERS: Hear, hear.

Mr. Ross (*Moose Jaw*): Mr. Wright spoke last year about not getting fair treatment in this committee. This committee carried through until the finish last year and arrived at a unanimous report to the House of Commons.

The CHAIRMAN: Including recommendations beyond what some members wanted.

Mr. PERLEY: Mr. Douglas and I walked out and we had nothing to do with it.

Mr. Ross (*Moose Jaw*): However that may be the vote was taken and the committee was unanimous.

Mr. PERLEY: I was not there when the vote was taken.

Mr. Ross (*Moose Jaw*): You are not the whole committee, you are only a very small part of it and it was unanimous.

Mr. PERLEY: It was not unanimous. There was a majority—more than a quorum of the committee there.

Mr. Ross (*Moose Jaw*): When the vote was taken, the record shows that it was the unanimous report of the committee. I want to say that was the record, because my hon. friend the member for Qu'Appelle was not on the agricultural committee at the time did not make a great deal of difference to the committee on Agriculture, as a matter of fact.

The CHAIRMAN: Anyway, the report speaks for itself.

Mr. PERLEY: I want the records to show how often he (Mr. Ross) has been here this year.

Mr. Ross (*Moose Jaw*): Never mind, I am here this morning. I am not complaining about Mr. Perley not having been on the committee last year; if he had left it entirely it would not have made much difference.

Mr. PERLEY: It is a matter of record and I want the record to show how often he has been here this year.

Mr. Ross (*Moose Jaw*): Have I the floor?

The CHAIRMAN: Yes, you have the floor; but please confine your remarks to the incident under discussion.

Mr. PERLEY: Yes, Mr. Chairman.

Mr. Ross (*Moose Jaw*): On that point, will the hon. member permit a question?

Mr. PERLEY: That is a caustic example of the howling down that goes on in this committee.

Mr. ROSS (*Moose Jaw*): Concurrence was never moved on that report in the house last year.

Mr. PERLEY: That is the point.

Mr. ROSS (*Moose Jaw*): I got up here, Mr. Chairman, to say that every member in the committee has been affected by the remarks of the member for Battle River in the house yesterday. I do not hold anything against the member for Battle River at all, I never have; but I do say this, that it is not fair to this committee to have a statement of that kind go across the country, and it is not fair to have a record of that kind in this house where a member should stand up later on and say I was howled down in the agricultural committee, I was not given a fair opportunity to place your views before them because I am your representative and therefore certain things were not done. That is not fair in this parliament at all; and I think we all ought to be fair; I think every man in this committee will agree that Mr. Fair has had a chance to express his views fairly.

Some Hon. MEMBER: Hear, hear.

Mr. ROSS (*Moose Jaw*): There have been votes taken in the committee, but just because the minorities do not get their way does not mean that there was any unfairness about the thing, none at all.

The CHAIRMAN: The majority has to take the responsibility.

Mr. ROSS (*Moose Jaw*): Absolutely, the majority has to take the responsibility and the majority will take the responsibility for what is going on in this agricultural committee; but the majority of that committee do not want to take responsibiliy for the statement that goes out that purports to state something that never happened in this committee and then say the thing was not challenged and that it was correct.

Mr. GOLDING: That is right.

Mr. ROSS (*Moose Jaw*): Now, I think, Mr. Chairman, that that statement should be withdrawn. If Mr. Fair is not willing to say that his withdrawal yesterday in the house included his reference to the agricultural committee he should be made to withdraw it in the agricultural committee.

Mr. SENN: I hesitate to have anything to say in this matter. I am not directly interested and I want to keep out of any controversy; but I do doubt whether we are following the right procedure. This remark after all to which there is such great objection and of which there is so much criticism in the committee was made in the House of Commons and not in the committee. It seems to me that the House of Commons is the place to deal with it. I do not think that we should deal with it or try to deal with it here; at least, I do not think we should try to deal with it until we have hansard before us and know just what was said and what was not said.

Some Hon. MEMBERS: Hear, hear.

Mr. SENN: I know there have been a lot of interruptions in this committee from time to time, and perhaps I have been guilty of some of them myself. And there have been a lot of jibes and that sort of thing that perhaps were taken down when heard; and I can readily understand how Mr. Fair felt about the matter, and we can take that into consideration. I think the members sometimes fail to realize that the remarks they make are rather derogatory and hurt another fellow's feelings perhaps when they don't intend to. And now, there have been statements hade here to-day which were entirely out of order—take the statement Mr. Ward made just a few miniutes ago in which he included a reference to Mr.

Fair; and what Mr. Wright told us—these are just indications, Mr. Chairman, of what has been going on and I am trying to blame anybody for it. I think we are all guilty in certain respects and I think we should get away from that kind of think and let a man get on his feet, make his statements, ask his questions and then go on to the next one. If we were to do that I do not think we would have any of this difficulty at all—

The CHAIRMAN: Well, gentlemen, perhaps we could bring this thing to a conclusion. What I am going to suggest to the committee is this: if Mr. Fair does not appear to wish to go any further at the present time; and that, of course, is his own affair. I think the committee might agree to wait until we get the record of what exactly transpired yesterday, and if that satisfies the committee it will end there; if it does not satisfy the committee then there are certain rules that govern the situation and we can deal with it at a later time if the committee so desires.

Mr. PERLEY: Give us an interpretation of what you would consider being howled down.

The CHAIRMAN: I am not going to try to interpret what I think is being howled down. I think we got into a heavy discussion here and it has done a lot of good perhaps. As you know, in committee procedure there is a great deal more latitude and less formality and better opportunity for conversations and discussions than there is in the house and it is only natural that greater liberties would be taken; and, speaking personally, I do not see how you can get entirely away from it. If we were to try to do that, it would be necessary for the chairman to rule that any member who wishes to ask a question or state an opinion must stand up and get the floor in order to do so; otherwise, I do not see how you can stop him from interjecting a question from his seat. Now, can we close this question?

Mr. PERLEY: I just want to say, Mr. Chairman, that I have been becoming more or less used to that sort of thing; that I have not been interrupted on occasion by just one member but by a unanimous chorus, and I have passed it over more or less. I have been subjected to that since 1935 right along, and I just wanted it to go on record. You can say what you like, we have a lot of interruptions in this committee and many times quite unfairly by a unanimous chorus and not just by one member.

The CHAIRMAN: Can we proceed?

Mr. GOLDING: I think your suggestion that you will look over the record to see what further action if any is necessary to be done is quite all right for the time being. I want to say this that I have checked over these records here to find out just why Mr. Fair would have any reason to complain at all that he was howled down, and the only place that I can find where he might indicate that and which he did indicate was the instance where Dr. Donnelly had the floor and he himself interrupted.

The CHAIRMAN: And now, gentlemen—

Mr. GOLDING: Just a moment.

The CHAIRMAN: Please, Mr. Golding—

Mr. GOLDING: Just a minute, I find here that Mr. Fair did make a motion—

Mr. ROSS (*Moose Jaw*): The chairman is talking to you.

The CHAIRMAN: I have given an undertaken on the part of the chair to take a certain course with respect to this which if I have gathered correctly meets the general wishes of the committee; and if that is so, I submit that we should proceed to the next order.

Mr. GOLDING: I am going to be through right now; but I just want to say that that was the only other incident, where Mr. Fair made a motion, seconded

by Mr. Ross, and that motion was carried. And now, I have tried to find out where these instances were and we want to put them on the records, but I cannot find any place to substantiate what he says.

Mr. FAIR: I am not looking for any sympathy here but I hold certain views and certain responsibilities; and certain members of this committee have been complained about by other members than myself, making a practice of butting in; and on the particular occasion to which you are referring I pounded on the table and shouted, "big stick" across to Mr. Golding; that is exactly what I meant, and still mean it to-day.

Mr. GOLDING: And what did Mr. Golding say?

Mr. FAIR: Mr. Golding mumbles so much that you cannot understand what he is saying most of the time.

Mr. GOLDING: Mr. Golding did not say anything.

The CHAIRMAN: May we turn now to our order of reference as directed to this committee. In explanation of the procedure this morning may I say that due to the fact that Mr. Pearsall is not able to be with us, and also in view of representations that have been made by a number of the members, Mr. Pearsall's return appearance has been deferred until some day next week. In view of the fact that we could not have Mr. Pearsall with us to-day I took the responsibility upon myself of inviting other witnesses to appear this morning, and I am down to that part of the order of reference which says that the committee shall review the agricultural research activities of the Department of Agriculture and other governmental agencies; and if the committee is agreeable in that regard my position would be to ask Dr. Archibald, the Director of Experimental Farms, to outline the work that that institution has been doing along the lines of investigational work and scientific activities for the Department of Agriculture. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: May I then introduce to the committee Dr. E. S. Archibald, Director of Experimental Farms.

Dr. E. S. ARCHIBALD, Director of Experimental Farms, Department of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen: we in the experimental farms, and I think I can say this also for all research workers in the Department of Agriculture as well, have not sufficiently frequent opportunities of telling you of the work that we are doing, of telling you our opinion of its significance, and at the same time perhaps of telling you some of the aspirations we have for enlarging research work. In a short time it is pretty difficult to cover this question of agricultural research work that is being done in the department or elsewhere; research work in Canada is divided between the two branches of experimental farms and science services, that work very closely together; in fact, we work as one body in any province for which we have the facilities and the men. Dr. Swain unfortunately could not be here, and in case you might wished to have asked him any questions this morning, due to illness, and I will attempt to merely touch on the high spots of the work which we are jointly doing.

The CHAIRMAN: May I say, Dr. Archibald, that you do not need to worry about time as far as that is concerned; the committee will I am sure be very glad to have you come back another time if you do not complete what you have in mind to say this morning.

The WITNESS: Thank you.

This agricultural research might be approached in many different ways. We perhaps might to-day approach it somewhat as follows: Research looking to the development of the production of crops. A number of crops were suggested such

as the production of more varieties of grain, oil producing crops such as soy bean, sunflower, rape seed. In the past agricultural research has had to deal with surpluses in certain lines of goods, or crops; you have for instance the dehydration of fruits and vegetables—they are a good illustration in that regard. Then there would be research on which production might be based, research fundamental to the production of rubber bearing plants which are not commonly produced in Canada; especially fibre plants such as kapok substitute and other activities in which we are engaged together as related to the war effort; and finally there is the question, of industrial research in which we have not had facilities and yet in which naturally there are very wide opportunities for the utilization of that special product. An illustration suggested in that connection is the question of production of crops suitable for the purpose of power alcohol and synthetic rubber—I am just quoting these items which were handed to me as reference; of course, you will be free to ask any questions later you desire about them.

Now, briefly, may I review some of the activities that are actually under way. Dealing first with the question of dehydration; dehydration of fruits was undertaken as a research project by the department fourteen years ago and under a set-up of which I was chairman; and we introduced entirely new methods of drying fruits, particularly apples, under Nova Scotia conditions; prunes and apricots under central British Columbia conditions; and we devised dehydrators which are now used in Canada. A very limited amount of money only was available for the establishment of this dehydration work which was concentrated at our three stations; the Central Experimental Farm at Ottawa, the experimental station at Kentville, Nova Scotia, and one at Summerland, British Columbia—the latter dealing particularly with the tender fruits, such as peaches, apricots and the like.

This work progressed over a period of years when dried fruits were not very popular and certain experimental work was done in producing a product that was much superior to the old dried product, dried under the old kiln methods, or tower dehydrators, as the case may be. Costs of production were greatly lowered; dehydration even in those days was much cheaper than any other form of preserving fruits, and fundamental facts were arrived at; but still dehydration was not a popular mode of disposing of a surplus from even the low grade quality of product. While improved as compared with the old methods, the product still left a great deal to be desired. We continued actively with a very small corps of men at Kentville, at Ottawa and at Summerland working on this problem. The work continued and the product became more popular. But, in addition, attention was given to the production of fruit juices from Canadian fruits in comparison with the citrus juices which were highly advocated by the medical authorities. I may say that excellent work was done in producing fruit juices of high vitamin count; and that work has continued and is still under way despite the fact that fruit juices are limited with respect to lack of cans in which to distribute them. Canning work has been materially improved by this research activity and that work has continued; also the dehydration work has continued. On these items our Dominion Horticulturist, Mr. Davis, who is with us will answer any further questions which you may care to ask. The engineer under him is a young man named Eidt, also several highly trained assistants, most of whom are now in the armed forces. This work progressed until we had an entirely different type of tunnel dehydrator; much more economical, etc.; much more efficient and a greater time-saver, making a product infinitely superior to any previous dehydrated product. At the outbreak of the war we had cleared up a number of problems which were faced in connection with the commercial dehydration of vegetables—as to keeping qualities

and refrigerating qualities, and general utilization in countries where keeping qualities present special problems. I will leave any detailed answers to questions of that kind to be answered by Mr. Davis, whom no doubt the committee will want to call.

But what I am leading up to is this: at the prsent time because of war conditions the dehydration of vegetables, as was stated to you by Mr. Shaw, has now reached a very heavy tonnage, and Canada is now able to meet all the requirements; for the export demands and for the armed forces and for domestic consumption. Much splendid research has been done up to date, and it will continue, and it is that alone which makes possible the establishment of these commercial firms earlier in the war. The Agricultural Supplies Board got rid of the surplus of dehydrated fruits—they had great trouble at first, and then suddenly the quality was appreciated by the British government and a demand was established for dehydrated apples. In like manner we attempted through the Supplies Board to introduce dehydrated vegetables—potatoes, cabbage, carrots, onions and one or two other minor types such as turnips and beets; but they were not popular at the start; they now are very popular. The research work, in order to support the five companies that were—with the encouragement of the Supplies Board—established for the dehydration of vegetables has been continuous. The preparation, the pre-cooking, sulphuring, and all these factors which have been adopted as a result of research, now gives a quality of product which is long-keeping under adverse conditions such as the high temperature conditions of the tropics. So, we have made a real contribution. The evidence of it to-day is that the Department of Agriculture type of dehydrator has been copied generally throughout the United States; they have adopted it for their work in Australia and they are going to adopt it also for the work in North Africa in commercial concerns which are being financed largely by American capital.

By Mr. Senn:

Q. You did not get a patent on it, I suppose?—A. No, there are no patents on it. It is a Canadian government-owned type, but is known as the Eidt dehydrator; and, as I say, it will be known in Australia and other countries as the Eidt dehydrator; and that goes not only with respect to the engineering of that particular type but also with respect to the processes which Mr. Davis and his staff have been instrumental in developing. In addition to that, they have developed types of packing; for instance, the gas pack—in many of these vegetables in order to prevent them from deteriorating rapidly under high temperature conditions pre-cooking and sulphuring is not sufficient to assure keeping qualities by themselves. A lot of research work has been done in that respect of it and they have just recently completed a new type of pack, a solid pack, in which the product is not made into powder because of compression under hydraulic pressure but comes out of the tin in a solid form and is very quickly refreshed and is practically as good as the fresh vegetable. This will save an enormous quantity of tin and simplify gas packing and other technical problems in the production of these dehydrated food stuffs—and on these you may want to ask some questions.

And now, this whole question of fruits and vegetables is not just covered by the problem of dehydration, canning, or juice extraction, but involves a lot of work in the study of keeping qualities, storage conditions, not only for the fresh product distributed over a greater period of years but also storage for this product which may be so canned or dehydrated. In that division they have been consistently assisted by the chemistry division of our science service, also the bacteriological division of science service, with respect to anything of a scientific nature which may be needed. The need for greater facilities for research was recognized and they received the continued aid of the Agricultural

Supplies Board. As a result of that we now have nearing completion a building on our Central Experimental Farm in which we can make materially larger research work in respect to the different types of dehydration, improving present conditions and the types of dehydrators for which the tunnel type is not adapted. For example, tomato juice which may be dehydrated but it has to be dehydrated in a vacuum and under high pressure as compared to the more solid type of material which is produced from dehydrated apples, potatoes and products of that kind. I think probably that illustrates the type of work that is going on and its present adaptation in reference to some of the questions dealing with our fruit and vegetable industry.

Examples may be given of other products, fibre products for example; Canada has continued for a great many years investigational work through the Department of Agriculture as to the types of fibre that we can grow and that would be processed as fibres, not as cellulose material which may be made into rayon or substitutes from the soya bean or whatever it may be; and naturally Canada deals largely with flax. Canadian climatic conditions in eastern Canada, some parts of Manitoba and on the Pacific coast are such that we can produce fibre flax very economically. We have introduced varieties and types, and we have been investigating ways and means of improving the production and the product; and in very recent years, just previous to the war, the mechanization of the flax industry so that under Canadian conditions we could compete with low-wage countries such as Czechoslovakia, Russia when it was in the export picture. Belgium and Holland always produced very fine grades of fibre flax for damask linen, and other countries. Then, there was the question of mechanizing operations in that field, and thanks to the research work done by the department many years ago a type of puller was created not now used in Canada but was adopted in Oregon where it is held in high regard. We later found a type of puller which had been in use in Belgium for a good many years. That was introduced into Canada through the department, and it has been materially improved by the Plessisville foundry company where it is now made and sold under the name of the "Forana" flax puller. Then, there is the question of lifting this crop which is a difficult one, as it is a very tangly, miserable crop to handle. So, the flax division of our department was interested in flax retting and lifting, to see if it were not possible to develop a machine instead of continuing with the old hand lifting, which as you all know is a very expensive process. This lifter was invented and is manufactured by the Frost & Wood Co. And some two or three years before the outbreak of the war a type of scutcher was introduced from Belgium, namely, the "Van Hawert". During the war we have, through the Supplies Board, increased the number of these by having them manufactured by the Frost & Wood Company, and that is the best standard type of mechanical scutcher introduced in contrast with the old hand method of revolving wheels or knives. We had no tow machines in this country but fortunately there was one, an old German model, the Etrich machine, which was manufactured in Germany. This, too, has been patterned and improved on through the work of the Supplies Board and produced in large numbers. And the result of that has been that flax work is now well mechanized.

I just mentioned these as some of the larger engineering phases which we should have been in a position to serve much better. We could have saved a great deal of time and the fibre flax industry would have been much further advanced in this country had we had adequate engineering and shop equipment for this work; but in any case a contribution has been made, and our 38 Canadian mills—largely in Quebec and southern Ontario—are now well equipped to mechanize and are mechanizing and have mechanized fibre flax production in such a manner that this crop may now occupy a permanent place in production in this country.

And now, as to the utilization of this product. Line fibre naturally goes into spinning for the warp yarns on account of its strong long fibre; tow goes into the production of weft yarn; the waste, almost entirely short fibre, goes into the paper mills, as paper stock. The rest is burned; although it contains quite high oil content, has good plastic properties, yet no industry has been interested so far in the case of collecting this material from the various mills and using it for plastics, wallboard or whatever it may be. But there are potentialities there that could and should be developed. The seed is high in oil content, but as a rule with these fibre varieties there is a smallar seed and a less desirable product from the oil mills standpoint, but it is a still high oil content seed; and the opportunities for development along this line are considerable. However, I will come to that in a few moments.

The question has often been asked whether or not we could produce hemp for binder twine or rope. I would just like to say a word or so in that connection. We have been doing work for many years in connection with the hemp production; we know the possibilities in the various parts of Canada, particularly in Quebec and central and southern Ontario, the Portage Plains in Manitoba and the Fraser Valley in British Columbia. We know we can produce a very fine quality of this type of hemp; but this type of hemp which we know as hemp is quite different from the hemp commonly called to mind by that term. That type of hemp is a perennial type grown in the tropics; quite unlike in length, fineness and strength of thread, the hemp which we can grow in this country and which is commonly grown in the central United States and in Russia, Hungary and Italy. Our hemp is true hemp, an annual crop which is now ruled out of general production in Canada by the narcotics act because of the fact that marrahawana is produced from the leaves, and more particularly from the blossom. But we can produce this crop up to about one-half a ton of good fibre per acre. It cannot be used as far as we know yet for binder twine or similar purposes; but it can be used in the finer grades as a substitute for flax in weaving, and a substitute for jute for bagging. When it comes to using it to make binder twine, we have never yet been able to find a way of using it so that it will not snare up into knots. The International Harvester Company and other companies for many years attempted this through research work—and they spent hundreds of thousands of dollars thereon without success. Some further work will have to be done on that and we should be doing a great deal of work on it in Canada, as to a chemical or other treatment of this hemp for binder twine purposes. Once that is done we have a lot of machinery available in the country which can be adapted to the spinning of this material. When that is done, a new source of supply will be available to the companies which are now operating in Canada such as the cordage companies in Vancouver, in Brantford, Hamilton and Montreal. As to the best product they tell us that it is not long enough fibre and in consequence the wastage is great. These companies during peacetime imported manila hemp, sisal and henequen produced in Java, East Africa, central American countries and Mexico. At the present time such machinery is not adapted to the handling of our type of hemp. So these are two or three of the obstacles to Canada producing its own binder twine by the production of hemp.

If you have any questions on that I would be glad to answer them.

By Mr. Perley:

Q. Can you give us any information about the increase in production of fibre flax?—A. Fibre flax—at the outbreak of the war we had 4,000 acres. In Canada the profit at that time was more from the export of high class seed to northern Ireland than it was from fibre. We had not become adequately mechanized in any case. Production increased to 16,000 acres, then it was 27,000 acres and last year it was 45,000 acres. As to the fibre, most of the

line fibre and the tow were shipped to England; and as a result of the agreements between the United Kingdom and the U.S.A., about half of our line and our tow now goes to the United States but it is all used for war purposes. Up until last year, and during all the period following the last war, when we reached a maximum of 45,000 acres, the fibre was exported to England, to Ireland and Scotland and was spun there; and whatever thread we needed for weaving or for domestic purposes was shipped back.

We now have at Drummondville, Quebec, a subsidiary of Dominion Cottons, making a very nice job of spinning Canadian line fibre. The Drummondville people have facilities only for handling line fibre. It is too bad that we in Canada have not two good spinning plants, we would not have found ourselves in the terrible predicament that happened when the Athenia was sunk at the beginning of the war. About two years supply for the only weaving plant we had, namely at Iroquois, Ontario, was sunk.

By Mr. Golding:

Q. Just while you are on that subject of flax, I wonder if you could give us any information about the price of fibre flax this year compared with the United Kingdom price; or, compared to what it was formerly?—A. I presume you mean in comparison with the United States price. The price in the United States varies with the type of fibre—if I might just take a moment on that, Mr. Chairman. We deal entirely with dew retted flax. In flax retting with a very heavy crop it should be turned in order be uniformly coloured and uniform in strength, and as a rule we have not had a sufficient number of trained people to handle it; then it is dried and stored in barns or stacks and it is processed during the winter over our machinery. In the United States practically the only flax production they have is in Oregon and they are dealing entirely with tank retting. The tank retted usually commands a price of 2 to 5 cents a pound more than the dey retted; that is, on the basis of the British market. The United States have various prices depending on what they import from other countries. They are importing from Peru which is sending them both dew retted and tank retted products. And so there are various prices. The Peruvian agreement was a friendly nations agreement and was higher than the prevailing price at that time. Oregon prices have been higher because it is home-produced tank retted product and they could not get from Belgium in peacetime the quantity of tank retted long graded fibre they wanted. I would say that the existing price in the United States for the import situation is higher than the Canadian price in line—but not in tow; the tank retted tow is a little higher in Oregon than the Canadian price. The Peruvian tow entered the United States in large quantities and it is a low grade—actually there is a tremendous stock of low grade tow on the American market and their price is about comparable to ours. This last year the Canadian price on the best top grade line was 45 cents and on top grade tow 23 cents. The Oregon price for tank retted line is about 70 cents. And now, there is not that distinction in the British market between the dew retted and the tank retted because of the fact that there is such a short supply; and in the United Kingdom at the present time there is only about a two pence a pound difference between the top grade tank and the top grade dew retted. Under the new agreement this year the United Kingdom asked us for 75,000 acres. We said that we might possibly hope to get that if they would pay very definitely a higher price. We had considerable negotiation between the Supplies Board and the British representative in Washington, and finally they agreed to pay 55 cents for line fibre, a 10-cent increase for the top grade, and right on down through the lower grades; but there was no increase in the price of tows. And theoretically that was sound because many of our mills had been producing far too much tow. Naturally, as a war effort they should be devoting

more of their time to producing more line. However, as I said, the season was pretty well advanced when we got this price increase and it looks now as though we may be able to get from 42,000 to 48,000 acres—about the same as last year.

Q. The reason I asked that question was that last year many of the producers up in our district—and you know there are quite a number there—told me that they could get a higher price for their fibre if they sold it to the United States; and there was nothing to prevent them from sending it to the Unied States, but they were told that the United States could not take it on account of the fact that they had enough of their own. Is there anything in that? A. Well, last year was more of a transition than anything else. Previous to last year the Americans were paying higher prices, prices distinctly higher than ours and higher than the United Kingdom prices; but lately, since we made the agreement with the United Kingdom, we had to put restrictions on the shipping of any unlimited quantity to the United States.

By Mr. Senn:

Q. But some export is allowed?—A. Some export is allowed, yes. The year before last, or up to the year before last, up to 1941, the United Kingdom took in all. Then they would not agree on a price and things kept getting worse and worse; and finally they did agree on the United States taking half line and half tow. At the end of 1942 the United Kingdom and the United States governments got together and agreed to pool the total available supplies, and agreed on a common price; that was why the growers felt that there had been some unfairness, because they had to take a slighly lower price for what they shipped to the United States. They did however gain the equivalent in the higher price of what they shipped to the United Kingdom and what they sold to the Americans—they sold it, in fact, on a basis of 55 cents top.

By Mr. Perley:

Q. What would be the average return to the producer?—A. It varies from very poor to very good. Many of these mills scattered throughout Quebec and some in Ontario have had a very, very bad season, damp; both in the growing season and throughout the harvesting season and in many cases the crops were over-retted in the rain and their percentage of fibre was low. In some of the mills lack of experience was a problem. The growers did not know when to harvest, they did not know how probably to do the retting, when it should be lifted and dried and stored. And in many of the mills, too, the operators were inexperienced and they crowded these turbine machines too much, and in consequence the crop was either partly destroyed or there was too much pressure and much wastage and so on; and in other cases inadequately cleaned. It is a very peculiar crop in that it must have the individual care of the grower and expert attention of the men in the mills in order to get the most out of it. Now, due to a combination of these circumstances, particularly the season, the industry had two very bad years. For example, out here at Casselman, and in two or three parts of Quebec and western Ontario, they have had one bad year and one indifferently bad year in the last two, and the gross return per acre to the farmer under those circumstances is low, not even comparable to a good crop of grain or other commodities marketed through large stock. On the other hand, in the same season in other communities the net return for the farmer per acre has been as high as $75 to $100 or more on a good crop; and well handled high grades are getting the top premium. The acreage return is about $56 to $60 per acre net.

Q. Could you tell us anything about the return they are getting for their crop in Manitoba?—A. Our experience of producing flax—take in Portage, which is the best part of the west—our experience has been that the yield is

relatively low and the fibre soft and that in the year when you have a very dry period, you have a break in the fibre and that means a tow crop rather than a line crop.

By Mr. Evans:

Q. I was just going to ask you about that, does flax grow best in Manitoba or in the eastern proivnces?—A. It is grown best where we don't have these series of droughts—

Q. They really can't grow it out west then?—A. Any flax that is grown for fibre purposes so far in Manitoba has not been very profitable.

Q. Then in regard to seed, is there any experimenting being done in regard to the protein content of the pulp resulting from the conditioning of it?—A. No. The utilization of the shives, that is the wooded line portion coming out of the process, is not much.

By Mr. Wright:

Q. Has there been any set price for fibre flax seed in Canada and is there any market for seed flax?—A. No, there is little export market for flax seed now, because northern Ireland are now producing their own seed which they would not do in peace days.

By Mr. MacKenzie (Lambton-Kent):

Q. Would it not be desirable under present conditions—

The CHAIRMAN: Order, gentlemen, please. We will have to proceed a little differently; when more than one member speaks at once the reporter cannot possibly get a note of what he says on the record. Mr. MacKenzie had a question he wanted to ask, so would you mind repeating that, Mr. MacKenzie?

Mr. MACKENZIE: I beg your pardon?

The CHAIRMAN: I say, would you mind asking your question over again, Mr. MacKenzie?

By Mr. MacKenzie:

Q. From what I understood Dr. Archibald to say as to present conditions I would like to ask him if he does not think it would be desirable to grow hemp under permit in restricted areas?—A. I must have left an incorrect impression there, Mr. Chairman. I said with respect to hemp, that the kind we can grow is not suitable for present industrial use. I said that the kind of hemp that we can grow is not in demand.

Q. Do they grow it in the United States?—A. Yes.

The CHAIRMAN: Now, gentlemen, may we just clear up the procedure we wish to follow. There is going to be a little difficulty in getting all these questions on the record the way we are proceeding now.

By Mr. Soper:

Q. What is happening in the case of seed, is it being exported or is it being kept locally and processed into meal?—A. If I could answer that, Mr. Chairman?

The CHAIRMAN: Go ahead and answer that question, Dr. Archibald.

The WITNESS: As I said, at the outbreak of the war we had a very good seed trade with Ireland and England. They are now producing their own seed so there is no export. We had a small surplus of exportable seed since the first two years of the war, but from that time on with the increased acreage and with bad seasonal conditions which lowered the grade we have just been able to supply our own requirements of fibre seed.

Q. The reason I asked that question was because it was almost impossible to secure oil cake last winter for feed.—A. These fibre varieties are low yield seed varieties. They are grown and have been multiplied and segregated and propagated for their fibre content and they yield just barely half of our standard linseed varieties.

The CHAIRMAN: I wish to ascertain from the committee whether it wishes to ask questions as the witness goes along or do you wish him to complete his statement and ask questions afterwards?

By Mr. Golding:

Q. Just in connection with this matter of price, I want to get some information in connection with the prices just to follow that up in connection with grading. Now, I would like to know in regard to your new machines which you referred to for scutching, how do they compare with the old hand method as far as grading is concerned?—A. It is quite probable that the expert hand scutcher could perhaps make a little higher grade and a higher yield of line fibre from the crop; but these machines process much more cheaply.

Q. Is it not a fact that your scutchers break a lot of the fibre and in that way make a lot of—what do you call it?—A. Tow.

Q. Is that not a fact?—A. Especially if they are overcrowded, yes.

By Mr. Quelch:

Q. I want to ask some questions, are we going to be permitted to ask them now?

The CHAIRMAN: It is up to the committee. I know it is a very interesting item that we are on at the present time.

Mr. MCNEVIN: I think the witness was still on his general statement and I think we should withhold our questions for the moment.

The CHAIRMAN: It is sometimes better to ask them right away while the discussion is going on.

Mr. ROSS (*Souris*): My own view of it is this; I think that when we are dealing with hemp we should ask our questions about hemp.

The CHAIRMAN: Well, perhaps we can go ahead and interject a few questions, so long as there is not too much repetition.

Mr. SENN: Has Dr. Archibald completed his statement?

The WITNESS: With regard to flax and hemp, yes.

By Mr. Quelch:

Q. Can fibre flax be grown satisfactorily on irrigated lands in Alberta?—A. Fairly satisfactorily, but not to make a high-class fibre; it is excellent for the production of upholstering tow.

Q. There has not been any mills built out there?—A. No. We have just put in brakes for the manufacture of upholstery tow and so forth—that is green fibre.

By Mr. Senn:

Q. I do not know whether this flax industry is an essential war industry or not. During the last war, as you stated, we were required to produce a very large volume of flax in Canada but after the war it went back until there was practically none, as I remember. Do you anticipate that this will only be for the period of the war or have you hopes that it will be a permanent industry?—A. With our present mechanized methods of production and processing I can see no reason why the flax industry shouldn't be just as much of our regular farm program as any other crop.

By Mr. Wright:

Q. Has there been any experiments made with respect to the growing of flax up in northern Alberta, in the Peace River country and up through that part of Canada?—A. We have had it on all our experimental farms. We find that the crop is one which requires most humid retting conditions, and that the yield of line is low. Occasionally it is very good, but it is an uncertainty. It is bad enough here in the east, as we have had demonstrated in a large way in the last two or three years.

By Mr. Ross (Souris):

Q. In connection with your experiments with fibre flax, have you done any work on the soft and the ordinary flax, the linseed flax?—A. No. You are referring to the utilization of it for paper products and so on?

Q. Yes.—A. No, we have never had facilities for the research work that should be done. We have followed the work that has been done and is being done in the United States very closely and we realize that they are now utilizing some 300,000 to 350,000 tons of linseed straw from the plains' area in the manufacture of cigarette paper and other fine papers and that type of thing. We have had a wastage from our fibre flax almost enough to meet the requirements of the Howard Smith Paper Company—only last year they went to Manitoba and they have made a contract for a considerable tonnage of linseed straw broken and shaken out and baled and shipped; that will go into cigarette paper and high grade papers. The situation has changed during the war on this continent. Formerly the Howard Smith Paper Company got their cigarette paper supply from Russian rags which they used in the manufacture of cigarette papers. They imported that; and in France their fine cigarette papers are made largely from rags or linen waste.

And now, cigarette paper is all made on this continent from linseed straw.

Q. In view of the fact that we are producing such a large amount of linseed now in Canada, do you not think it would be well for us to spend a considerable amount of money on research along this line?—A. That question of the mechanics of it is absolutely unknown; as to how much you can afford to pay for the linseed straw, particularly after it has been thrashed. When it goes through the thrashing machine it gets broken badly and it is very doubtful if you can use it because it is difficult to collect it. If it is combined, there is no reason in the world why a very considerable tonnage might not be collected as they are doing in the United States.

Q. Is all the straw taken from the Dakotas combined?—A. For that purpose it is all combined, sir.

By the Chairman:

Q. What do you mean by breaking up and the difficulty in the shipping process on account of breaking up?—A. Well, in the thresher, the linseed straw is broken up into such fine segments that you cannot collect it; when it is combined the straw itself which is still comparatively short—you can actually collect it and bale it and they use a bailer attachment on their combine, so they collect it and put it through the various breaks and shake it out in order save shipping. They actually pay to the farmer about $1 or $1.50 an acre—that is what the farmer gets and he does not have to supply machinery.

By Mr. Quelch:

Q. Is that net?—A. That is the gross income from the straw that the farmer gets on the product. But the farmer of course gets his linseed; it simply means that there is some slight inconvenience to the farmer to get the additional revenue; and that is purely from the cigarette paper standpoint, that does not

cover your point Mr. Ross as to the field of research and it is possibly used in plastics, wallboards and other types of things. There can be no doubt about it that there is room for a considerable amount of research in that field which should be done.

By Mr. Henderson:

Q. Could it not be used for insulation?—A. Yes, however one great trouble about that—there was a man in Winnipeg who went in for the manufacture of insulation board but it did not meet the fire underwriters' requirements because it was highly inflammable; that no doubt could be cured by chemical treatment.

Q. Just another question there, could not the western farmer use that to feed this stock?—A. Flax straw is of no value for feed.

Q. Do you mean the protein content is not substantial?—A. No. It is absolutely dangerous to use flax straw around live stock because of the fibre content which will form fibre balls in the stomach of your cattle. It is of no feeding value.

By Mr. Wright:

Q. Is it economical to continue to make fibre from flax straw after the war?—A. I think there is no question about that; it is now in quite general use, the United States industry is firmly established and it is used for cigarette paper and naturally they want it for paper; and we have some other fine paper products which were still dependent on import sources.

By Mr. Quelch:

Q. Then, as to the other part of your statement?—A. I was just going to open up the question with respect to vegetable oils.

The CHAIRMAN: Then perhaps we could proceed with that?

Some Hon. MEMBERS: Agreed.

The WITNESS: Before the opening of the war for a long number of years our cereal division under Dr. Newman—who is with us to-day—had been doing fine work in flax production and developing high yield and disease-resistant strains. If you have any questions you would like to ask in connection with that work Dr. Newman can answer them.

I would like to say that at the beginning of the war we were producing 700,000 bushels of linseed flax in contrast to some 4,500,000 to 6,000,000 bushels that had been produced for many years before. In 1936-39 we were dependent on other countries for linseed oil which was imported as oil or linseed from other countries brought in and replacing the Canadian grown crop. You know the figures on it as well as I. But particularly after Pearl Harbour the general vegetable oil situation became doubly acute. We were asked to produce not 700,000 but 20,000,000 bushels. That Canada almost reached that objective last year was really a remarkable accomplishment on the part of the western farmers. True there was a guaranteed price of $2.25 at Fort William to the producer, but they did seem to react definitely to the patriotic appeal. This year our objective is the same volume; at least 15,000,000 bushels the amount produced last year and even up to 20,000,000 bushels. In consequence we asked the farmer for an additional million acres in western Canada that is 2,495,000 acres. We do not know just how close we are to that at the moment but the Bureau of Statistics claim that in their estimate we have 2,491,000 acres seeded and they report that the crop so far is quite promising; but other authorities claim, that that acreage is too high. One reason for the increased acreage this year was that we are basing our estimate on the average yield over a period of years. Last year was a phenomenally good year as to yield and no doubt was partly due to the fact that we had highly rust-resistant varieties, for which

our research men in the cereals division deserve a lot of credit. The actual expelling capacity in Canada has not been changed since the outbreak of the war, and we have an expelling capacity for some 5,000,000 bushels of flax seed, sunflower, soy bean and so on. That is the real problem, meeting our oil situation at the present time. Steps to increase our expellers are now very actively being carried on by Mrs. Turner, Oils Controller and Dr. Barton of the Department of Agriculture. We actually need a half dozen or a dozen additional expellers in this country if we could get them organized and at work.

We have been working on soya beans for a good many years and the plant breeders in our forage crop division have created varieties which now can be safely grown economically to as high a quality as the best in the United States. Research work in institutions in the United States have developed the soya bean and adapted it to American conditions and have done a tremendous job, they were responsible for a production of 210,000,000 bushels in 1942. This crop had not been so nearly highly developed in Canada, not even in the favourable areas of southern Ontario with the result that our production has been somewhere in the vicinity of 200,000 to 300,000 bushels. As a result of the appeal made last year the Ontario farmers supported by a few in southern Manitoba and a few in western Quebec, and some small acreage in the areas of Alberta and in parts of British Columbia, have taken hold and in 1942 we had a production of something like 875,000 bushels and the objective this year is over a million and a half bushels. That is possible because of the fact that the plant breeders have supplied varieties that are high yielding and have a high oil content of high quality; but perhaps we did not make the appeal early enough, or the price was not determined early enough. It is the same price as last year, $1.95 at collecting points; that is Toronto, Winnipeg, Vancouver and Montreal. We still have hopes that we may be able to get up to the yield of a million bushels. In western Ontario bad seeding conditions was one of its stalling factors.

Sunflowers have not appeared in our agricultural picture, but the plant breeders for years have been trying to develop a low growing type of sunflower which would mature its seed early, and which at the same time could be harvested mechanically rather than hand harvesting the heads and then drying by some method either in the field or under cover as they do in Russia and certain European countries. They succeeded, and we have two varieties of low growing, early maturing, fairly high yielding and high quality types, and our objective this year was over 100,000 acres. We did not succeed in that, but actually we have in western Canada just a little over 30,000 acres, so we are falling far short of our objective there. Sunflower seed oil is, as you know, valuable particularly because it is a high edible oil suitable for shortening or salads or anything of that kind. Soya bean oil can easily be made into a high-class edible oil and you get a lot of other things from it, such as oil for paints, varnishes, linoleums and that sort of thing.

Then there is rape seed which is new. Due to war conditions rape seed replaces castor oil as a high-class lubricant. Our supply source for this seed is largely from South America; and the Oil Controller has asked that this year we produce 2,000,000 pounds of rape seed oil. We cannot reach that objective because we did not have the seed. We had them multiplying the seed on the experimental farms, and through the Supplies Board we bought all the available seed that we could get from the United States. I may say that most of this rape is being grown in western Canada and some in Ontario.

Q. What about this soya bean, is it used for cattle feed?—A. Yes, but our use for it is in connection with the production of oil, it has a high oil content in the seed and we have been devoting our attention to its production strictly for that purpose. The residue as meal is of more value for feeding than the beans.

I would like to say one word more about this rape seed, it should not be confused with the type of rape that we use for livestock feeding; that is a biennial

plant, this is an annual plant. The Argentina rape is an annual, and as I said, it produces a seed which has a high oil content. The oil produced by that seed is valuable particularly as a lubricant used in marine engines and airplane engines, and it also has other uses such as in paint and varnishes.

By Mr. Senn:

Q. It is not like mustard, likely to become a noxious weed, is it?—A. It is a noxious weed in Argentina, but it is easily controlled in that the crop can be harvested mechanically with a combine; and there is no reason why if the seeds drop that they should not sprout and be handled in the fall without any trouble the following year.

And now, as to the importance of this. I think you all realize the very difficult condition of the vegetable oils in Great Britain and Canada, and we were dependent entirely on imported supplies of oil from the seeds, and since supplies have been so drastically curtailed after Pearl Harbour we have been going on short rations, and we are short at the present time and may continue to be short. We do know, of course, a great deal of these oils are used in the manufacture of munitions of war; and many of them are very important in the manufacture of paints, varnishes, and linoleums and things of that kind. As some of you may perhaps have observed in the reports you have seen, there is a possibility of the use of linseed oil as edible oil by proper treatment and hydrogenation—even its use in the manufacture of synthetic rubber has been looked upon as possible by research workers in various parts of the world. So far no one has succeeded in making edible oil from it although two or three research workers in Canada think there is some promise. The great trouble is that it retains its linseed flavour in the shortening, and there is still need for further research work in that regard. If we should be able to make edible oil from flaxseed in Canada it would be a good thing for the industry because we can produce large quantities of flax.

The soya bean lately has been subjected to a lot of fine industrial research and a number of products are made from the soya bean and they are numerous —some 85 or 100, if I remember rightly. They make everything from synthetic rayon to the finest of meals, flours, plastics of many kinds, synthetic milk and the like. Actually the soya bean is the most valuable of any of our oil feed crops and has been subject to the most chemurgic work and still the field is far from being completely explored and we have done next to nothing in Canada. We have developed no soya bean production program in Canada in spite of the fact of the fine record of the plant breeder who has given us the material with which we can work.

The sunflower also is a breeding proposition. It makes a highly edible salad type of shortening oil. We imported last year in the vicinity of 20,000,000 pounds of sunflower oil from South American countries and I do not think—

By Mr. Ross (Souris):

Q. Of oil?—A. Of oil—20,000,000 pounds of sunflower seed oil, and it is very highly favoured by our shortening companies and by our bakers; yet I saw a notice the other day that the Argentine had declared an embargo against the export of sunflower seed oil to the United States; which of course will affect our supply. How that may influence the present situation I have not had an opportunity of finding out from Mrs. Turner or anyone in authority but it just shows you how critical the shortening oil situation is.

As to the use of by-products such as for farm feeding, flaxseed is our largest producing vegetable oil yet the linseed mills have not all been working overtime and they should have been fairly fully employed in order to meet the minimum capacity of some 5,000,000 bushels; but because of the increased demand and the increased prices of live stock and better feeding methods too in our dairy cattle, hogs and poultry in which linseed cake or meal is used we

are in a very definite short supply position in respect to linseed meal. That indicates that the acute situation during the past eighteen months is going to be still more acute in the next two years.

We have no soya bean expelling plant. We will be expelling soya beans this year, but the small quantity of meal made is practically nothing as compared to the need for soya bean meal for live stock and poultry feeding.

By Mr. Evans:

Q. How does the soya bean cake compare with the oil cake?—A. It is the finest grade of protein meal that we have, the soya bean; it is high in protein and has other qualities which make it even higher than linseed meal for feeding.

By Mr. Leger:

Q. How does it compare with fish meal?—A. Fish meal and soya bean meal are about interchangeable in percentage of protein. Fish meal has other properties for certain feeding which would be superior to soya bean, but for a general protein meal soya bean is our best material.

By Mr. Senn:

Q. You still have a shortage of vegetable fats, would not our animal fats very largely meet the requirements there?—A. No, we were importing about 250,000,000 to 275,000,000 tons of vegetable oil until the outbreak of the war.

Q. That is true, but you know lard was not generally in favour with a lot of people; with the acute shortage of vegetable oil might they not use animal fats in preference to them?—A. Well, as you know, our lard situation is in a very critical condition. We have commitments to meet, and domestic requirements. And remember, Mr. Senn, there are many uses for vegetable oils for edible purposes for which the animal fats are not suitable. That is why a lot of these imported oils are used.

Q. It is just the edible oils that I am referring to.—A. As to edible oils, we were dependent largely on imported oils—soya bean, sunflower, cocoanut, peanut and cottonseed.

By Mr. Quelch:

Q. Can the soya bean be grown in Alberta and Saskatchewan on irrigated lands; have you tried growing it on irrigated lands?—A. Yes, but it is of uncertain yield.

Q. You mean with respect to drought or frost?—A. Yes, drought or frost; the very early varieties such as Manitoba brown or Wisconsin black would always give some yield but whether it is economical in contrast to wheat is questionable. In our view, it is not. In the great humid areas you get yields that are comparable to wheat; and the price being high enough it is of better value.

By Mr. Ross (Souris):

Q. In regard to rape seed oil, I believe that is used in marine engines?—A. Yes, in marine engines and in airplanes, both.

Q. In other words, it is used as a lubricant?—A. Yes; and particularly as a high-altitude and low-temperature lubricant.

Q. Have you any idea yet as to the value of production?—A. No, we can only calculate from our yield on experimental farms. We get as high as 1,400 pounds of seed per acre, at which yields the oil would be fairly reasonable in cost; but figuring on an average yield of 1,000 pounds under favourable conditions we would have a price of around 6 cents a pound for seed; but that quantity is at least 20 per cent higher than is usual under normal circumstances. That compares with the cost of oil which we imported from the Argentine.

The rape seed oil in Argentina is somewhat of a by-product of their general farming—they screen it out as screenings when they are threshing, and then they clean it and sell it to the oil mills.

Q. The main difficulty is the danger of getting it mixed in with other crops.—A. The danger is more to the oil than to the crop, because if it gets into it it spoils the oil, and if the mustard got into your seed it would cross breed and next year affect the yield.

Q. As a matter of fact it would spoil its commercial value if the mustard stayed in it, would it not?—A. I understand that is so.

By Mr. Henderson:

Q. About what percentage do they allow?—A. I have no information. This is the first crop to be grown commercially in Canada.

By Mr. Senn:

Q. I would like to ask one general question before this committee rises. I fear it is one o'clock. I think your work has been very beneficial indeed, and not to the Department of Agriculture alone either, but here we have a lot of different research operations going on; we have the National Research Council, then we have the research work being carried on by your department, and we have provincial research people doing a certain amount of work, and then we have the National Chemurgic Committee. Do you think they would do better working separately, or would they do better work if all these people were consolidated into one large organization?—A. Naturally, you cannot consolidate all the equipment.

Q. No.—A. I would like to have about five minutes to deal with that, so may I attempt to do it. The research workers in Canada are all too few in number and the problems of national importance that are not being attacked are almost innumerable. There are many items—I can give you three or four pages just in the way of reference here. But there is no question in the mind of agricultural research or the research dealing with agricultural problems that affects production on the farm should be guided through the federal Department of Agriculture. Industrial research of a purely industrial nature I think should be under the National Research Council. There should be that definite division. So far as provincial interests in doing research work is concerned, and I may say that their work is very limited in degree in the field of agriculture, there is no overlapping for the reason that any problem of national importance you will find inter-federal-provincial committees that tie this work together and tie it thoroughly together—and they are supplementing each other. Sometimes there is replication which is very, very necessary, and that affects economy in some respects. But I know of no phase of agricultural research being done provincially or by independent institutions which is not in some way definitely tied in with federal work through committees and they may be goodwill committees, but some of the best committees have been set up under the National Advisory Council on agricultural services, of which the chairman is the Deputy Minister of Agriculture (Dr. Barton). As to facilities in any industrial phase of agriculture research, it is a matter of the utilization of accommodation available—I have a number of things down here in connection with that—but facilities are lacking at the present time.

Q. That is what I had in mind, research in the utilization of by products.—A. That is it, we lack adequate facilities; especially in the case of small pilot plants; laboratory facilities to a certain degree and other commodities; but we have a large number of institutions scattered about Canada, and—

Q. They are united, are they?—A. Through committee work, yes; but they are used to capacity—and sometimes it is manpower and sometimes it is lack of funds—more apt to be both, rather than an attempt to set up a federal

agricultural research institution. The first thing in my opinion would be to explore the maximum use of our present facilities under the common guidance of centrally controlled plant.

And now, if funds are made available as they should in our opinion be made available through the Department of Agriculture, and the man and the equipment need sound guidance—either governmental or whatever guidance you look—and use these funds to the maximum of manpower and facilities in carrying out research that needs to be done. But right from the outset you are certainly going to require some pilot plants. One might mention the necessity for pilot plants possibly in the west to deal with a number of problems. One problem that immediately suggests itself is this one of the utilization of surplus wheat, which is a common problem, for power alcohol. I am inclined to think that some work could be done to relate the quality of fuel and know definitely what is going to be the price of grain alcohol at a time when it would be economically needed—it might not compete with our alcohol from other sources. At the present time—I am thinking of alcohol from the pulp and paper industry for example. There is a great deal we have to learn in that connection. I have here an interesting calculation running through the various crops produced in western Canada which provide possible sources for alcohol and which indicate the potential yield. For instance artichokes, yielding 8½ tons per acre; sugar beets, 8½ tons per acre; potatoes, 250 bushels; corn, in southern Manitoba and southern Saskatchewan, 45 bushels shelled; barley, 40 bushels; and wheat 20 bushels. Now, the average production of alcohol from these several articles through the present known methods changes all the way from 212·5 gallons per acre from artichokes to 50·84 gallons per acre from wheat. It also shows with respect to the value of alcohol that it changes from $53.12 per acre with respect to artichokes to $17.51 per acre with respect to wheat.

Mr. EVANS: I wonder, Mr. Chairman, if we could have that table which Dr. Archibald is referring to placed in our records?

The WITNESS: Yes, I would be glad to let you have it.

ESTIMATED VALUE OF VARIOUS CROPS AS SOURCE OF ALCOHOL

Crop	Green Yield per acre*	Production of Alcohol		Yield of Feed		Value of alcohol per acre at 25c. per gal.	Value of feed per acre	Total value of crop per acre
		per 100 lbs. (gals.)	per acre (gals.)	per 100 lbs. (lbs.)	per acre (lbs.)			
						$ cts.	$ cts.	$ cts.
Artichokes	8·5 tons (tubers)	1·25(1)	212·5	7·4	1,258	53 12	17 61(3)	70 75
Sugar beets	8·5 tons (5-yr. ave.) Melfort, Sask.	1·25(2)	212·5	9·5	1,615	53 12	22 61(3)	75 73
Potatoes	250 bu. tubers	1·06(1)	159·0	4·3	645	39 75	9 03(3)	48 78
Corn	45 bu. (shelled)	4·38(1)	110·37	28·0	706	27 59	8 83(4)	36 42
Barley	40 bu.	3·82(1)	73·34	49·0	951	18 34	11 76(4)	30 10
Wheat	20 bu.	4·24(1)	50·84	32·0	384	12 71	4 80(4)	17 51

* Estimated yields in western Canada.
(1) Taken from H. Millar "Raw material for Agrol Manufacture" Farm Chemurgic, Jour. 1:1, 141-146, 1937.
(2) Estimated by Division of Chemistry, Science Service, Ottawa, Ont.
(3) Based on dried beet pulp valued at $28.00 per ton.
(4) Based on dried malt sprouts valued at $24.50 per ton.

And now, the value that you get in production of these various crops varies in different parts of the country. For instance, you take certain types of starchy potatoes, you can grow them better in certain parts of Saskatchewan and Alberta and perhaps cheaper than you can grow the same potato in the eastern provinces; and we can get as high or higher yield. We could use the starchy varieties for that. There are some differences in varieties. Some of the less

popular varieties from the standpoint of edibility may be high starch yielding —there are a great many chemurgic problems arise out of the crops that are produced in surplus. I have cited just mere examples in illustration of the usefulness of a pilot plant with laboratory facilities attached.

By Mr. Perley:

Q. I was wondering if I heard you correctly about the figures from wheat —was it 20 per acre?—A. On a basis of 20 bushels per acre, with alcohol at 25 cents a gallon, that would give you a yield per acre of $17.51.

By Mr. Wright:

Q. Does that take into account the value of the by-product which would be available?—A. They are all calculated on the basis of commercial values, the feed values of the by-products at current prices.

The CHAIRMAN: Gentlemen, it is one o'clock, our usual hour of adjournment. I imagine that you would like to have Dr. Archibald and these other officials from the experimental farms branch for a further session. Am I correct?

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: What is the wish of the committee with respect to meeting to-morrow?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Then we will adjourn until to-morrow at 11 o'clock when we will continue with Dr. Archibald, Mr. Davis and Dr. Newman.

The Committee adjourned at 1.15 o'clock to meet again to-morrow, July 2, 1943, at 11 o'clock, a.m.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 2, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock, a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, if you will come to order, may I ask the clerk to read the minutes of the last day's meeting.

Minutes of previous meeting read and approved.

The CHAIRMAN: Arising out of the minutes—I will instruct the reporter not to take this down—

(Discussion proceeded off the record to a point where Mr. Fair rose and requested that the proceedings be reported.)

The CHAIRMAN: In referring to the incident as it arose yesterday with respect to an observation attributed to Mr. Fair, the records of Hansard have now been procured and at page 4272 appears the following:—

> Mr. SPEAKER: I have already drawn to the attention of hon. members the terms of standing order 41, namely that no member shall make offensive remarks against any other member of the house. There have been offensive remarks made to-day. They are not confined to one person, or two; because three hon. members have said that it would not in their judgment be justice to the hon. member for Laval-Two Mountains if this matter were sent to a committee. These remarks are wholly out of order, and they should be withdrawn, I ask that the hon. member for Battle River withdraw his remarks so far as they reflect upon hon. members of the house who are members of committees.
>
> Mr. FAIR: I am bound to withdraw, and I do withdraw.

And then he goes on to refer to other matters.

Mr. GOLDING: Read the rest of it, read on, Mr. Chairman.

The CHAIRMAN: The balance of his statement in that paragraph is this:

> But I want to say—

Some Hon. MEMBERS: Order.

Mr. FAIR:

> —that my remark was that the hon. member for Laval-Two Mountains would not get the same treatment in a committee as he would would in a court of justice.

And my interpretation of that ruling of the speaker is that the speaker accepted Mr. Fair's withdrawal of his remarks as they reflected on members of a committee; and that being so, I would say that if I am required to give a ruling, that Mr. Fair's remarks should be accepted by this committee; and that is the ruling that I make with respect to it; and that immediately brings up another circumstance of yesterday's meeting: my feeling is that the discussion in respect to the incident which arose yesterday, the matter having arisen in the house and the withdrawal having been made in the house, that the discussion here with respect to it was out of order; and consequently the discussion had nothing to do with the evidence being given to the committee with respect to its order of reference; and in that same regard I raise the question as to whether or not the discussion that ensued with respect to that incident should become a part of our record. Personally I think it would be better left out. And now, I said that

Mr. Fair, as far as I am concerned, has withdrawn his remarks regarding any reflection on members of the committee; and I am satisfied with the withdrawal he made in that regard.

Mr. FAIR: Mr. Chairman, I think you are a little late in making your decision as to whether this matter should appear in our report. I think that the mistake was made by Mr. Golding in bringing the matter before the committee.

The CHAIRMAN: I am going to repeat my ruling; that the incident so far as this matter is concerned is now closed, and that there should be no further discussion on it.

I would like to have an expression from the committee with respect to the report in the printed form of the evidence taken yesterday with respect to this matter.

Mr. SENN: It might be a good idea to delete it from the record altogether.

The CHAIRMAN: That is my judgment.

Mr. SENN: It was an unfortunate incident and one which should not be repeated. I think it will have a salutary effect on the members of the committee, and that they will be more careful in the future in their conduct here. There is one other question that I wanted to call to your attention; I was wondering about the minutes. As read to-day they contain certain references to the discussion, and I was wondering if they should not be deleted in the same way as we propose to delete the record.

The CHAIRMAN: Well, I think the minutes follow in sequence the matter that was raised, and the record of the minutes was that the chairman would refer to what was stated in the House of Commons; which I have now done, and which I in turn rule is a satisfactory withdrawal of the remarks that were complained of.

Mr. GOLDING: On what do you base your rulings, Mr. Chairman? I am not going to enter into any discussion; but what is the basis of your ruling; is it based on the rules of the house, on rules of committee—on what do you base your ruling that it was not proper to bring the matter here?

The CHAIRMAN: I was not basing it on any particular rules, other than the fact that the incident was dealt with in the house at the time it was made.

Mr. RICKARD: My opinion of the matter is that it was a direct reflection on this committee and that we were quite in order in discussing it in this committee on which the reflection was made.

The CHAIRMAN: Now then, do you wish to appeal the chairman's ruling?

Mr. ROSS (*Moose Jaw*): We had a lot of discussion yesterday in regard to this point, and if the committee thinks it should be deleted from the records, it should be deleted from the minutes as well, the whole thing.

Mr. HATFIELD: Yes.

Mr. ROSS *(Souris)*: I do not think I can agree with Mr. Ross *(Moose Jaw)* because I think just what happened yesterday should be shown on the record and that the record should be left there the way it is. It was quite a little discussion which took place yesterday, and there were some references made to previous meetings. I think my friend, Mr. Senn, pointed out that there are often little jibes and so on; and we all know that the man taking it down cannot get all those things into his record. We cannot tell what might happen in that connection. I think whatever notes were taken by the reporter should be transcribed and printed in our record. We do not know what is going to happen in the future and I think it would be better if the matter appeared in our records.

The CHAIRMAN: Mr. Ross, I think you have made a motion; is there a seconder for that?

Mr. McCUAIG: I not only wish to second it, but I think we should include all the discussion of to-day in connection with the discussion of yesterday, and that it all should be left on the record. I was not here yesterday and I am not familiar with what took place; but I do feel that whatever took place yesterday is entirely out of order. This committee could not deal with any statement made by Mr. Fair in the House of Commons; if the statement were not correct or not properly withdrawn, the whole thing should be dealt with by a reference to the house.

Mr. FAIR: Mr. Chairman, I do not agree that one word of yesterday's or this morning's discussion so far should be stricken from the records. There is a principle involved here. I am in a minority of seven or eight here; and if you want apologies for what was said yesterday, which was supposed to be to my detriment; I will leave it to the record of the committee and of the house to say whether that was the intention or not. If in the judgment of the members I was at fault I will take the rap. I am not blaming anyone; but I am not in agreement with the proposal that the report of the proceedings of either yesterday or to-day should be struck from the record. I want the whole thing left on it.

The CHAIRMAN: There is a motion before the committee.

Mr. Ross *(Souris)*: I do not know whether a motion to amend would be in order or not; but if so, I would like to move an amendment that the report of the part of the proceedings under discussion be included in our printed record. However, I doubt whether my amendment would be in order; if it were, I would certainly move it. The amendment I have in mind would be a direct negative from the motion proposed by Mr. Ross so therefore I presume it would not be in order.

The CHAIRMAN: No, I would say that it would not, being a direct negative. If that were the desire of the committee, they could vote it down.

Mr. Ross *(Souris)*: I think there is a parliamentary rule which says that an amendment cannot be a direct negative to a motion; therefore, the amendment which I had in mind to move would not be in order. However, I do think that it should be left on the record, that the record should be left as it is.

Mr. FAIR: Mr. Chairman, in connection with that we have already a motion that the proceedings of this committee be printed, and if that is the order, unless there is some very real reason for it, nothing should be deleted from the record; and I want the whole thing printed for my protection and for the protection of the committee.

Mr. PERLEY: I think it should all be printed. It is a matter arising out of yesterday's proceedings and if the matter had not been brought up here in this committee yesterday there would have been no record of it at all. The fact that it was brought up before this committee for certain purposes leads me to the conclusion that it should be printed in our records.

The CHAIRMAN: There is a motion before the chair.

Mr. GOLDING: Just a minute, Mr. Chairman. For what purpose was it brought up yesterday; you (Mr. Perley) said it was brought up for a certain purpose; what was your conception for my reason for having brought it up?

Mr. PERLEY: That is your business.

The CHAIRMAN: I do not think there need be any further discussion on it; also, as regards authorizing the printing of the discussion yesterday with respect to—

Mr. Ross (*Moose Jaw*): The remarks by the hon. member for Battle River in the house.

The CHAIRMAN: —the remarks made yesterday; there is a motion before the chair that that part of our proceedings yesterday be not printed.

Mr. GOLDING: Just a minute now, Mr. Chairman; Mr. Perley has insinuated that I brought this matter up for some purpose.

The CHAIRMAN: I am going to rule that we are discussing whether or not we are going to print the records that were taken yesterday. I think that is what the discussion is about at the present time, and there is going to be no dealing with other matters until that matter is disposed of.

Mr. GOLDING: Can we deal with this after this is disposed of? You are surely not going to have an insinuation like that go unchallenged. I think I have a perfect right to state my position in bringing this matter before the committee.

The CHAIRMAN: My ruling would be that we are dealing with a motion by Mr. Ross (*Moose Jaw*) at the present time, as to whether we print or do not print these records.

Mr. WRIGHT: If any one wants reference to imputations, I can refer to certain statements that were made here yesterday imputing motives to me—if you are going to open up the discussion wide I can bring in a lot of things, including that.

Mr. RICKARD: I think Mr. Golding is perfectly in order, that he has a perfect right to be heard.

Mr. GOLDING: I want to say this in all sincerity, the only reason in the world that I brought this matter to the attention of the committee was that I thought it was a reflection on the members of his committee; it was unfair, it was untrue; and I challenge anybody to show where our good friend was howled down in this committee; and now for my good friend, Mr. Perley, to come along and impute other motives to me is I think quite unfair. I say to you in all sincerity that I had no other motive than that, and I say to you here, speaking frankly and explicitly, that I had no object in bringing it up other than the one I have stated.

The CHAIRMAN: Is the committee ready for the question?

Mr. FAIR: Mr. Chairman, I do not want to say any more than this, but I do want to point out that in my opinion this motion is entirely out of order.

The CHAIRMAN: On what grounds?

Mr. FAIR: On the grounds that you have a motion for printing the proceedings of the committee, and until that motion is rescinded you have no right to change it.

The CHAIRMAN: In regard to the question which you raised, Mr. Fair, the committee I would say—

Mr. KIRK: The House of Commons has certain rules that apply with respect to the records of committees, have we not?

The CHAIRMAN: With respect to that point I would say this, that the authority we have is to print the proceedings of the committee, which is the clerk's record, and the evidence taken of the said committee. Then, in addition to that these committees are autonomous and as such can, as is frequently done, agree or otherwise to rescind certain proceedings of discussions which are not evidence.

Mr. RICKARD: As to the evidence of yesterday, was it all taken down; or, were some parts of it missed? If it is all there, I think it should be in the record.

Mr. FAIR: The procedure followed up to this point has been to print everything.

The CHAIRMAN: There have been occasions—

Mr. FAIR: As far as reports of committees are concerned.

The CHAIRMAN: There have been occasions when we discussed procedure that we have not put it in the evidence.

Mr. GOLDING: I am all for leaving it in. I want to see it left in.

Mr. FAIR: I think it is probably a boomerang and I would like to have the record complete so that the public will know just what is involved.

Mr. Ross (*Souris*): I think the point raised by Mr. Kirk is a good one; that when we want a quotation or some remarks deleted from *Hansard* we must have unanimous consent.

Mr. KIRK: I would like to say this, Mr. Chairman; that you are not going to be any better off by deleting a part of the record. As I see it, if you delete certain parts of the record, you will thereby create a state of suspicion in the minds of the public. I think it would be much better for us all if we leave the record as complete as we can get it. The records of a committee such as this are certainly not always complete. The reporters taking down the record are after all human beings and there are certain limitations to their capacities even under the best of conditions; it is physically impossible at times, with a number of members speaking simultaneously and that sort of thing, for any reporter to get it all down. Take in the House of Commons, even there they do not get it all down at times. But I do think we should have it as nearly as possible; I think it would be much better for all concerned if we have it printed in our records as it has been reported.

Mr. GOLDING: I think so, too.

The CHAIRMAN: Are you ready for the question?

Mr. Ross (*Souris*): Make it quite clear what we are voting on; we are voting to delete these portions from the record.

The CHAIRMAN: The motion is: Mr. Ross (*Moose Jaw*), moves that the stenographic report of the discussion which arose at the last sitting out of the question raised by Mr. Golding be not printed.

On a show of hands the motion was declared lost.

The CHAIRMAN: This morning we will continue from where we left off yesterday with Dr. Archibald, if that is agreeable to the committee, I presume it is.

Some Hon. MEMBERS: Agreed.

Dr. E. S. ARCHIBALD, Director of Experimental Farms, Department of Agriculture, recalled.

The WITNESS: Mr. Chairman and gentlemen: Yesterday I attempted to introduce for questioning and discussion the research work that we are dealing with in connection with dehydration and fibre crops, and with vegetable oils and the nature of vegetable oils; but I would not take up your time to mention the work that is under way on other minor vegetable oils which have not yet reached war proportions or great economic proportions in Canada, such as peppermint oils, in respect to which the horticultural division has covered the work fairly well—mustard oils, particularly from the wild mustards; safflower oil—safflower is a type of plant which has received the attention of the cereals division but as yet has not shown any great value over and above the linseed oil and hence has not been released. Corn oils—there is a certain amount of hybrid research being conducted in the forage crops division in connection with that. I wanted you to know that all of these vegetable oils have been given serious thought and some research work by the plant breeders and with the co-operation of the oil testing laboratory, Saskatoon, have been valuated in contrast with other oils which we are producing on a considerable scale as under war or peace time conditions. I would like to mention briefly a few other pieces of research work that are being

done by the experimental farms and science service. One has been the question of a kapok substitute. Considerable discussion arose at the outbreak of the war as to the limitation of the supplies of kapok, particularly after Pearl Harbour and Manila. The Botany Division and science services have made a survey of flosses which might be used as a substitute for kapok.

By the Chairman:

Q. What sort of material is that; I mean kapok?—A. Kapok is produced in tropical countries and it is used in life preservers and flying suits, and things of that kind. We can produce a milkweed floss that is a good substitute; in fact, the United States army and navy have already accepted it and prefer it to kapok because it is more water resistant and does not pack as much as kapok in either lifebelts or airplane suits; and in consequence we have done considerable work in enlarging the work by making provision for its production on a large scale, on a scale sufficient to make it available for commercial trials. That work is being considerably extended this year in order that a considerable bulk of this material might be available for special manufacture. I might say that in that connection the U.S.A. arrangement this year calls for any contracts for over a million pounds this year, 3 million pounds in 1944 and 5 million pounds in 1945 for this milkweed floss to take the place of all low grade kapok and to see that adequate supplies are available for war purposes. The United States Department of Agriculture also voted $100,000 to cover the question of other ways of utilizing milkweed, and we think that the production of milkweed floss is likely to become permanent.

By Mr. Ross (Moose Jaw):

Q. Could you give us some information at just that point as to whether or not you have been able to determine yet in what parts of the country it can be grown, and something about the volume of returns per acre and the value? Also, as to any rubber bearing qualities?—A. May I touch on that under the rubber-bearing qualities of some plants?

Q. What is it used for in war time?—A. In war time it is being used largely for life belts because of its buoyancy and also in air suits on account of its insulating qualities; those are the major factors involved under war conditions, but it is a wonderful insulator even in peace time.

By Mr. Douglas (Queens):

Q. Would it be all right for use in cold storages?—A. It is probably too expensive for use in cold storage; cork, when it again becomes available, will be much more suitable for that purpose.

Rubber production in Canada has not been a peace time activity, yet the Department of Agriculture has not been unmindful of the rubber qualities of some weeds and other plants—mostly weeds; and definitely the Botany Division of Science Service has been quietly evaluating the production of individual weeds in Canada as to rubber content, the rubber—gummy material of a rubber consistency—the milkweed amongst the various weeds studied by this division showed by far the highest percentage of rubber. That rubber material is contained in the leaves; and that was pretty carefully evaluated as to possible yield per acre under native conditions. Two years ago plots were put in for study; last year larger plots; and this year largely from the rubber standpoint we are putting in considerable acreage with the funds provided by Munitions and Supply through the Agricultural Supplies Board. Six hundred acres have been planted commercially in one county in Ontario for the actual production of milkweed leaves. We hope that we will be able to take also the pods from the crop of 1944 in a sufficient state of maturity that the floss will be useful for kapok substitutes. We have no figures as to the yield per acre, but we estimate from our plots under way that you can easily get somewhere

in the vicinity of 100 pounds or more of rubber, and probably in the vicinity of 100 pounds of floss and probably 125 to 150 pounds of seed. The seed of course will be used, if this program goes ahead, for seeding purposes; but otherwise it has a fairly high oil contents and in the United States is being sold for that purpose. Dr. Boris Barkman of Chicago has been very much interested in milkweed and has devised a method of separating the floss from the seed when the pods are ripe, and he has directed a lot of research work in that connection in the United States; as a matter of fact, he has recently been given $100,000 by the United States government to continue his researches as to the total utilization of milkweed, the floss, rubber and particularly plastics from the stems or from the pods and any other ways of using it.

Mr. SENN: I was just wondering if the milk from the milkweed is valuable commercially?

The WITNESS: The milk from the milkweed constitutes a high percentage of rubber, and rubber gum and the resins; but the greater part of it of course is in the solid part of the leaves. You see a marked exudance when the leaf or stem is broken, but that is only a portion of the actual rubber material.

By Mr. Hatfield:

Q. Just in that connection I was wondering if you could tell us anything about Russian dandelions?—A. I will touch on that in a moment. I might say that in addition to the 500 acres commercially we have seeded to milkweed quite an acreage on our experimental farms right across Canada to see what it will do under different cultural and climatic conditions, then we will continue to get knowledge as to cultural methods of seeding—which we have pretty well solved, harvesting of pods and leaves and that is a problem on which our engineers are working. The research council have taken on the job of the actual rubber evaluation. We are doing the preliminary work on the rubber content; but as to its commercial utilization the research council have assumed that as its responsibility.

Mr. HATFIELD: It seems to me that it would be very difficult to harvest because it is a very sticky thing to handle.

The WITNESS: That is a problem that we have not yet solved by any means, and we have our engineers working to solve that problem.

By Mr. Rickard:

Q. Is it being grown commercially in Ontario?—A. Yes, in the Peterborough district we have 500 acres.

Q. Would you mind telling us the arrangement under which that seeding has been done? I understand that the government is paying $50 per acre to the farmer to grow milkweed and I was interested in that. I understand that one farmer with whom I was talking that a man in his district had taken out a contract to grow 30 acres at $50 an acre; and I always understood that milkweed grew on light upland pasture soil. It seemed to me that a man is going to make a pretty good living if the gets $50 an acre guaranteed for growing 30 acres of milkweed on a light upland farm.—A. That $50 an acre is being paid to the farmer who will have clean land in good tilth; not poor land. It is true that milkweed grows in poor land pasture; but you get much better stands on good land, on good farms.

Q. I have a knowledge of one or two farmers up in one of the townships in my county who have told me that they are going to get $50 an acre and it occurred to me that that was a pretty good return considering the type of soil that milkweed can be grown on. I was just wondering if there was any limit to the number of acres that could be grown by the individual farmer?—A. No.

By Mr. Hatfield:

Q. Do you actually reseed it each year?—A. No, it is a perennial crop. In order to get the 600 acres we had to contact farmers who had the land which was clean and we had to go out and find farmers who had fields which had been prepared for such crops as oats and barley.

By Mr. Rickard:

Q. Under whose direction was this done?—A. Under the direction of the agricultural representative in the county of Peterborough.

Q. I had reference to the county of Durham, I think some is being grown in that county.—A. No, not to my knowledge; there may be one or two scattered out into one of the other counties—I could not say as to that.

Q. Of course in my county which lies right alongside the county of Peterborough, it is just across the line. There may be a farm or so just across the line.

Q. Some of them told me that they were doing it experimentally.—A. Well, it is commercial production when you get into 600 acres.

By Mr. Ross (Moose Jaw):

Q. You are sowing it at the experimental farms, are you not?

The WITNESS: We have to guarantee a man that he will receive that amount, and that is little enough; otherwise he would be using that land to grow crops for live stocks purposes. The farmer must have perfectly clear land, and it may be quite a difficult job to keep other weeds out, in order to get a good stand; when they have to look after 25 acres or so. And then, another thing, there is no contract for succeeding years; and should synethetic rubber men discover a means of making Buna-S rubber in some other way, say it would be possible to devise some other method for developing it so that this product would not be required there would be no commercial demand for it. That is a situation even anticipating that we could harvest a crop in 1944. There will be no crop in 1943.

Q. If you are paying only for 1943, you are letting the man take a chance as to whether he gets a crop the next year or not?—A. There is no contract yet for 1944, and if we do not require it then he would naturally have to plough the crop down. The question of the 1944 agreement for this 600 acres has not yet been settled.

By Mr. Hatfield:

Q. Can it be killed out easily?—A. Yes, we think it could be easily killed under cultural conditions, providing you can keep the seed from going all over the country.

By Mr. Perley:

Q. Is it seeded in rows?—A. Yes, it is seeded in rows, and in one year it usually fills in between the rows if you can keep down the grass and other weeds.

Q. What are the cultural troubles?—A. There will be three or four cultivations, and if the field where weedy there would probably be a good deal of handhoeing, which would make it expensive.

Now, there has been a great deal of publicity regarding Russian dandelions as a source of rubber, and a great deal of premature publicity in some countries; but Canada has been investigating this situation as long as other countries, except Russia; and, like the United States, we were not able to get the seed from Russia until 1942. The seed that was obtained was put on plots on experimental farms across Canada to determine cultural methods and with a view to finding out something about winter hardiness and the yield. We had only a small amount of seed and we tried to use to the best advantage. This

year we were able to obtain considerably more seed and we have 35 acres on the Experimental farms across Canada. The potential yield might be as high as 150 or 200 pounds, but probably 100 pounds of rubber per acre, and this rubber is contained entirely in the roots of the plant; hence, when the harvest is taken which may be at the end of the first year or in the second year, the crop is finished, unlike milkweed which is perennial.

By Mr. Rickard:

Q. Can milkweed be grown with any other kind of crop?—A. It does much better by itself.

Q. What I mean to say is, can it be started the same as clover or grass which is sown with grain?—A. No, it would be far better by itself. The first year you can take off nothing but if you get a good stand of roots on your milkweed by the second year the crops fills in between the rows and you have a crop you can harvest.

By Mr. Evans:

Q. Then the farmer need not expect to harvest anything his first year?—A. Not with milkweed. But this year to meet the request of the Department of Munitions and Supply, we are actually collecting enough leaves so that we will have 50 tons of dried leaves and that should produce in the vicinity of 5 tons of extracted rubber gum and that will be adequate for a commercial trial in the blending of this with a Buna-S rubber which will be produced at the Sarnia plant. If the work turns out as it now promises the gum from the milkweed is probably even better for blending purposes with the Buna-S than the product of the Russian dandelion; but that has to be proven in commercial trials.

By Mr. Evans:

Q. Are you trying to grow milkweed all across Canada on your experimental farms?—A. Yes. The milkweed is found in its natural habitat largely in Ontario, very little in Western Quebec and almost none from there to the maritime provinces, and it is found only in isolated places in certain parts of Manitoba—that is the common variety of milkweed—and no where else but we do not know if it can be adapted to other parts of Canada to be grown under cultural conditions.

By Mr. Ross (Moose Jaw):

Q. Before you finish with that you were speaking about other weeds; have you made any tests of such things as the wild lettuces?—A. Yes, we have made studies on a wide variety of plants of that kind, including the wild lettuce and the goldenrod, swamp, milkweed, and a large range of weeds.

Q. Have you been able to determine that there is rubber in them?—A. Yes, there is some rubber in them but we do not think it would compare with the milkweed. You know of course that climatic conditions will not allow us to grow guayrela and other crops which are being used in the United States, our temperatures are too low for that.

Another phase of the work on which considerable research has been done is defining or evaluating the vitamin content of various cereals, and I am going to leave that entirely to Dr. Newman to deal with. Another phase of the work there deals with research in connection with chemurgic possibilities, but that is essentially a production problem and it relates directly to the question of cereal research so I will leave that also to Dr. Newman to deal with.

But I would like to pass this comment on the work of producing new varieties and types of cereal plants. A great deal of work of exceptional value, particularly in the case of rust resistant wheat has been done by the plant breeders; with the co-operation of the plant pathologists of science service. Of course, that

is all well known to you—the development of these new strains of rust resistant grains which are now on the market and which have extended very greatly the grain producing area of western Canada and given a guarantee against loss to the farmer. Then, the work that has been done in connection with creating new varieties of oats—such varieties as Ajax and Exeter, which are rust resistant and replacing Vanguard and Erban. No doubt a lot of you gentlemen from eastern Canada are familiar with and growing a lot of Vanguard and know a good deal about it. Then, may I just refer briefly to some very fine work which has been done in our forage crops division in connection with corn hybrid and millets. Our forage crop people have done really good work in creating better varieties of millet and as you know no doubt it is a crop which is comparable with barley in usefulness—however, I will leave the whole question of cereals to be dealt with more adequately by Dr. Newman.

By Mr. Evans:

Q. You have been speaking about increased yields and increased production as a result of scientific discoveries. Do you not think that research in connection with increasing the production of different varieties of plants should be undertaken in greater degree from now on?—A. You mean, with respect to utilization?

Q. Yes.—A. At the present time we have few surpluses, in the first place; our main surplus is wheat. I entirely agree with you that a great deal of fundamental research as to all the possible uses of surpluses, in wheat particularly and low grade wheat—there are seasonable conditions in western Canada which affect the wheat grade, and then there are starchy wheats that are always grown in the northern part of the Prairie Provinces. Yes, research work is much needed.

Mr. LEGER: I believe yesterday you spoke about the dehydration of fruits and potatoes—

Some hon. MEMBERS: Speak louder, please.

By Mr. Leger:

Q. Could you tell our committee how long potatoes will keep after dehydration?—A. Yes, but I would like to refer that question to Mr. Davis.

The CHAIRMAN: I think perhaps that would be well. It is understood that Mr. Davis would be here to deal with technical matters with respect to dehydration. Is that satisfactory to you, Mr. Leger?

Mr. LEGER: Yes.

The CHAIRMAN: Would you allow Mr. Archibald to continue with his presentation; would that be satisfactory to the committee?

Some hon. MEMBERS: Agreed.

The WITNESS: I would like to just enumerate other phases of work which are under way, and some of our needs and leave plenty of time for Mr. Davis on dehydration and Dr. Newman on cereals. In honey production our research is relatively small but the work is important and seriously looked after. Our honey production in 1942 dropped to a low level of some 19,000,000 pounds, and not due to any lack of research but to lack of labour and to certainly to seasonal conditions. Honey production on a basis of 35,000,000 to 40,000,000 pounds is quite possible in Canada, and it is production that should be encouraged in every possible way. We have attempted to avoid losses particularly in respect to foul brood and other diseases; and we have given attention to the problems of yeast developments which cause honey losses in storage.

In animal production we have done a great deal of investigational work on the problems of nutrition and breeding and the like; and artificial insemination is just an illustration of the type of work we have been doing in improving our breeding. Similar work is being done in respect to poultry where attention is

being given to management and labour saving costs. We are paying particular attention to forage crops for stock in the way of trying to get higher proteins in grasses as well as doing work on soya beans, corn and other crops which have already been mentioned.

Horticulture is a very wide field of work. In seed production, particularly vegetable seeds—that is particularly significant—in peace times we imported practically all our vegetable seeds, and with the return of peace many countries that formerly provided us with the type of vegetable seed which we require, varieties suitable to Canadian conditions and of reasonable purity, may not for many years be in a position to do so; so that Canada during the war and afterwards for several years must look to her own sources of supply; and the experimental farms have therefore been giving special attention to breeding and the creation and adaptation of varieties to the different parts of Canada, creating pure foundation seed; and the Department of Agriculture through its experimental farms and with the aid of other branches of the department—and I should include in that the Canadian Seed Growers' Association—guarantees the purity and suitability of varieties of Canadian grown seed by producing foundation seed under government control, mostly through the experimental farms. That work is under Mr. Davis and you can question him on any points in that connection.

I might mention one of our activities in connection with which a considerable amount of research has been done during the past years and that is in connection with the development of grasses. This work has proven to be of considerable value to the Department of National Defence for Air in the matter of quickly seeding air fields, providing grass swards with the greatest possible speed and durability at airports where it is very essential to prevent the blowing of sand. One of the greatest difficulties they have, as I understand it, is the maintenance of engines in the airplanes and sand blowing freely is one of their worst problems. Research work on which present work is based has been going on for many years in the division of Field Husbandry to determine methods of growing and also in connection with the development of more or less regional types of grass and clovers which will be most suitable. The actual seeding operations have usually been supervised by the experimental farms men, and very often the actual seeding has been done with experimental farms equipment. I mention that as indicating a practical outcome to years of investigational work as to seeding methods and the development of new varieties which are adaptable to different soils and different climatic conditions throughout Canada.

Then, on the question of agricultural engineering, we need vastly more work done, not only to meet these labour shortage conditions in war time, but to face the whole future of mechanizing and devising proper labour saving devices suitable for various phases of our agricultural activity. Then too, we have many new crops coming into agriculture and they require entirely new machinery or the adaptation of existing machinery. I could spend considerable time in giving you an elaboration on the splendid work that is being done in farm mechanics by the men on our experimental farms at Swift Current and Ottawa where most of this work is undertaken. So far this kind of work has been too little recognized, and it needs far more assistance; and as we develop new phases of chemurgic research, the whole question of developing and devising pilot plants will require special attention, and it will involve the design of equipment which has not existed at all heretofor. We have all too few good men in agricultural engineering, and we should have the best assistance we could possibly get.

And now, the terms of my reference also mentioned the question of power alcohol from cereals and plastics. I am sorry to say that we are doing no work along those lines; but those of us who have been privileged to sit in on the National Chemurgic Council and hear some outline and detail of the work of the National Research Council realize its tremendous potentialities. Work in

connection with plastics, we have done nothing yet we do know the plastic qualities of soy beans, corn and other cereals. But there remains a lot of research work to be done in connection with the utilization of certain farm materials of which we have surpluses or wastes and which bulk so largely in our agricultural program. There is no question as to the relationship of plastics to agriculture as an industry, and we appreciate its importance. We need to know a lot about the possibilities of leveloping power alcohol from cereals—I gave you some figures in respect to that yesterday and I do not need to repeat them now. But we do need to know in terms of future power, with petroleum products becoming less and less available, just where we are headed on the matter of power alcohol; a lot of work needs to be done, and definite engineering work needs to be undertaken and accurate figures—not just mere estimates—should be made available. This means the need for laboratory facilities, the use of industrial plants and if necessary pilot plants. I will not take time to give you estimates, but estimates were given before the National Chemurgic Committee by the special committee headed by Dr. Steakman who used all possible information as to both American and European methods of processing alcohol; and I think all these figures are very well known to you and I do not need to quote them.

Mr. PERLEY: What report is that ?

The WITNESS: That is the report of the National Chemurgic Committee—a survey of Canadian researches.

Mr. PERLEY: Is that their new report?

The WITNESS: No, that is 1941. It has not been brought up to date.

By Mr. Perley:

Q. Can you tell us if copies of that are available?—A. Yes, from the Canadian Society of Technical Agriculture, who really sponsored the survey by the National Chemurgic Committee of the Canadian Chamber of Commerce.

The reference also included P.F.R.A. researches: I do not know that we have any definite researches under P.F.R.A. A great deal of our recent work on experimental farms and through science service has been applied to the P.F.R.A. program and those I think are very well known. Splendid work has been done in field husbandry on soils and soil mechanics which developed our present control methods of soil drifting. The P.F.R.A. is a practical application of departmental research in that regard. The same applies to our reclamation program: there we have developed new grasses and new methods of seeding and new methods of range control with relation to increasing range capacity to carry live stock and higher productivity in the live stock. Our tree planting program has been going ahead steadily and considerable work has been done through associations, and work of that kind has been under the direction of our department; and in that connection I would refer to two forestry nursery stations in particular, namely Indian Head and Sunderland.

Then, on soils: research work on soils was and is under way; it is supported somewhat by P.F.R.A. funds, and that was done co-operatively between the department and the soils department of the three western universities. Researches also include sawfly control experiments which were both entomological and cultural research workers co-operate. There are many other activities of the P.F.R.A. dealing largely with the practical application and enlarged research work.

By Mr. Evans:

Q. Your experiments on range work have been limited, I take it that they have been confined largely to obtaining information as to the use of western grasses?—A. They have given a complete picture of management methods which include naturally the distribution of water and salt; the development of grazing, rotated grazing and problems of that kind. They have also given us a

fairly complete picture as to the necessity of building up feed reserves by the use of local irrigation and things of that kind; and they have given us a fairly true picture as to the carrying power. The methods of grass conservation and the study of grass improvement which were created out of that situation are now being used very largely by the ranchers; and the technique of grazing surveys developed there is being used by departmental men under P.F.R.A. in evaluating the potential of range improvements.

By Mr. Wright:

Q. You touched on the question of artificial insemination; I was just wondering how many sires are now being used in Canada for that purpose; and what are the requirements for the various breeding clubs; and just what is your opinion of the possibilities of that process?—A. Our interest in artificial insemination started largely in an attempt to adapt the Russian and the Cambridge, England, mechanical methods and technique to Canadian conditions; and we have done a fairly complete job in introducing them and in some cases there is an improvement in equipment. But, as to the possibilities of artificial insemination, under careful and competent control, it is a very useful means of disseminating good blood lines. It will have many disappointments, not due to the sires particularly, but due to lack of care. So many sires do not react well to artificial insemination. They may be quite normal in natural breeding, but the semen seems to lose its vigour in artificial use; and the collecting of the semen seems to react on the sires, in that semen may lose its virulence very quickly. As to the number of sires used I may say that the production services in the Department of Agriculture are interested in and organizing the commercial adaptation of this new development through breeding clubs. I cannot tell you the number of sires they have in these various clubs. Some of the clubs are working very satisfactorily; others, because of poor technique, or the sires themselves have been disappointments to date. But limitations of artificial insemination is particularly the very limited number of high-class sires that are really worth this wholesale propagation of blood lines—and that applies particularly to cattle. As to the limitations of artificial insemination; with horses, as perhaps you know, there is only a very short period in which the semen retains its virulence, limited largely to one day, in contrast with cattle five days when proper temperature conditions are maintained. The artificial insemination of sheep and hogs has not been developed commercially in Canada, but it is reported as being widely used in Russia, which is the only country that is using it or attempting to breed in that way to any extent; but we are studying the technique of the development of a more economical method of the collection and dissemination and use of semen in all classes of livestock.

By Mr. Ross (Moose Jaw):

Q. I understand they are carrying on some very interesting experiments in the United States in connection with that?—A. Yes, but artificial insemination over there is not new as it has been used for many years by owners of race horses.

Q. I mean with cattle, both female and male?—A. Yes.

Q. You are not carrying on any of those experiments here, are you?—A. No; we have been working on the technique of proper control and the difficulties of shipment; and then trying to give practical assistance to these clubs in the training of good herdsmen or even the training of veterinarians who are entrusted with this work of artificial insemination; in fact, with a great number of breed associations it is necessary to have the services of a veterinarian.

By the Chairman:

Q. Dr. Archibald, somewhat on the same lines here—I do not want to interrupt the discussion on the topic with which you are dealing—but I have had some letters sent to me with respect to Bangs disease, with respect to the necessity of taking steps to control it more effectively. Could you tell us the work the department are doing in that regard? What success has been achieved in the direction of control measures?—A. Really Dr. Swain is the one who could best answer that question. With our facilities on the experimental farms, where we have 25 cattle, we naturally run into difficulties of that kind at times. In fact when I came to the department of animal husbandry, one of the first things we had to face was that; and we have been very closely associated with all the curative measures. We have cleaned up the disease on our experimental farms—with the exception of two which have been left as controls or checks. The research work in that connection has been done by animal disease research laboratories at Hull which first perfected tests for identifying this disease. I may say that we on experimental farms have chosen to control this disease by the process of extermination or isolation. More recent work done by that laboratory is on calfhood vaccination. That has been valuable and it has been done very much along the lines that have been adopted by the United States department. The vaccine really sets up the disease in the calf, and a reaction is established which has the effect of immunizing the animal effectively.

Q. Is there anything the department does in respect to its control such as is done in connection with the tuberculosis work?—A. Yes, testing is done—but without compensation. Mr. Gardiner would be in a better position than I to speak to you on that point.

By Mr. Evans:

Q. You say that a vaccine has been developed; are you starting to use it? —A. Yes. It really develops the disease in the young calf, but at a period when the calf cannot be a spreader; and a condition of immunity is developed and that immunity is carried for a number of years. We have not a complete record as yet, but it probably often carries right through life even if exposed to later infection.

By the Chairman:

Q. I was going to ask you a further question in connection with the control of such matters as the warble fly, and some of those other pests that are causing a good deal of loss now to horses and cattle in this country.—A. There again Dr. Swaine should be here. We are working in cooperation. To have the warble fly controlled is a matter of community effort. Individual effort is almost helpless or hopeless, but if a community will systematically for two years destroy the grubs by proper washing or spraying the backs of the cattle two or three times in the spring before the warbles drop out there is no question that the warble fly can be exterminated, but there may be difficulties in some communities where deer and other wild animals might be infected with the same fly. The heel fly is really fairly easily controlled. This is a P.F.R.A. matter, and from departmental information available the Agricultural Supplies Board was in a position really to put on a definite campaign this year to see that plenty of derris powder was available and to see under western conditions that high pressure spray pumps were available for community use or for the ranchers which have a large number of animals which could be run through the chutes. I think I am perfectly safe in saying that in considerable areas where ranchers have got together they will have the warble fly definitely under control in 1943 or 1944.

By Mr. Fair:

Q. What system is taken to make available that service to the different provinces and to the different stock breeders?—A. The provinces themselves are largely interested in assistance to the farmers in providing the materials and giving instructions.

Q. That would be the provincial department of agriculture in each province?—A. The province of Manitoba has been very active in this matter and several communities have been cleaned up; but the wholesale adaptation of this method of control in any one province has not yet been undertaken largely because of the indifference of the farmers in many communities. The information is available and the materials might be made available too with provincial effort.

Mr. WRIGHT: There was a big drive in Saskatchewan.

The WITNESS: Yes, there was a big drive in Saskatchewan, and there was a well-organized drive in southern Alberta.

Mr. WRIGHT: The drive in Saskatchewan I believe has been carried on through the municipal associations—most of the municipalities have taken the matter up.

The WITNESS: Yes. I think the provincial effort in Manitoba, Saskatchewan and Alberta is largely through the municipalities.

Mr. Ross (*Moose Jaw*): I think we ought to move a vote of thanks to Dr. Archibald for the very instructive, informative and interesting matter he has brought before the committee.

The CHAIRMAN: Well, I take it that the motion of Mr. Ross is seconded unanimously, and I say to you, Dr. Archibald, that the committee has appreciated very much your presence here and are grateful for the information you have given. I think I may express the views of the committee in saying that perhaps at some future time we will be able to avail ourselves of your services again.

Now, Dr. Newman, Dominion Cerealist, is here this morning. Probably the committee would be prepared to have Dr. Newman speak to the committee with reference to certain phases of cereal work. I shall ask Dr. Newman to come forward.

DR. L. A. NEWMAN, Dominion Cerealist, called.

The WITNESS: Mr. Chairman, Mr. Minister, and gentlemen, I presume it is your wish that I follow along the line of thought which Dr. Archibald has been discussing and tell you something of the work we have been attempting to do in the cereal division with special emphasis, perhaps, on some of the more recent activities. I suppose you are all pretty well familiar with the work which has been done in the development of rust resistant wheats and oats and so on; Dr. Archibald has referred to that matter. Some of you may not be so familiar with the work that is under way with flax. Flax has quite suddenly developed into a very important crop for reasons well known to all of you. We have been interested in flax, in the quality of the flax and in the quality of the flax oils, during the last three or four years, particularly for two reasons: one, the growing appreciation in the United States of the high qualities and the high drying properties of Canadian grown flaxseed. In that regard there seems to be a definitely growing interest in the United States.

Mr. LECLERC: Are you speaking of flax oil or linseed oil?

The WITNESS: They are the same thing; I am sorry if I confused you. The oil from the ordinary western grown flax produced in western Canada is gaining a rather enviable reputation and we are trying to encourage it. We are finding quite a difference in the different varieties of flax, particularly in

some of those which we have developed more recently, and they are now under test out on the western farms and are showing up remarkably well. The quality or the drying properties of linseed oil are expressed in a figure known as the iodin number. Where the iodin number is high, as it it in some of these new varieties we have reason to believe that this oil will be of a very high quality. An iodin number of 186 or 187 is very good, and when you get two or three points higher than that it is particularly good. We have them now up to 189 and we have some higher varieties. We have two or three under test this year throughout the west which are running up around 190 in iodin number with the oil content also very high—up around 45 per cent in the flaxseed oil.

Mr. Ross (*Moose Jaw*): Are they new varieties?

The WITNESS: Yes, they are under test, and they are being increased. We do not know which of them will be released but we expect one of them, at least, will be. In order to save time we increased all of them so we will have as much seed as possible to release. Five or six years ago we noticed evidences of rust in flax in Manitoba at the farm in Brandon and we decided that sooner or later we might expect an epidemic of rust, and so we started a program of breeding with a design to develop types of flax which would resist this disease, and these particularly high oil content flax types that I speak of—these three that are now under test—are all highly resistant to flax rust. So we have in these new varieties something we think is particularly promising and something which will mean a good deal to western Canada. We are also interested in these new varieties from the standpoint of the possibility of some of them being better for vegetable shortening. A lot of interest is being taken in flaxseed oil as a possible source of vegetable shortening. You can make excellent shortening from it, but there is a rancidity which develops oxidation which is causing a good deal of trouble and which is receiving a lot of attention by a number of organizations such as the National Research Council and the Ontario Research Foundation which are doing good work along with a number of industries such as Canada Packers. In the United States, of course, this matter is receiving a great deal of attention. The problem has not yet been solved, but there is reason to believe that it will be solved before very long. In the meantinme we are working on the premises that possibly some of these varieties may lend themselves particularly well to this product—to the production of this product which will initiate steps which we hope will promote this development. In western Canada there are certain zones where flax both as to quality and quantity is particularly good. In the northern sections of the prairie provinces and elsewhere under irrigation we get a particularly good quality and quantity of oil. There is something to be done in the zonation of some of these varieties particularly, and that matter is being looked after in co-operation with the provincial and other organizations.

With regard to wheat work, I do not think I need refer to it.

By Mr. Golding:

Q. Before you leave flax may I ask whether generally the oil content is much higher in the flax grown in western Canada than in the flax grown in eastern Canada?—A. Yes.

Q. What success have you had in producing a better grade of fibre flax? I understand you have carried on experiments in this matter for some time?—A. Yes, it was only last year that that work came under the cereal division—that is the breeding of many varieties of flax for fibre—fibre types. We were given by the fibre division a lot of very interesting materials which we have worked down and which we are using. We have many crosses going on all designed to improve the quality of the fibre. That matter is well in hand and is being advanced as rapidly as possible. We are using, incidentally, in our program some of the fibre types which are long in the stem and we are trying to

develop a longer stem flax for western Canada. These fibre types, as you know, are longer in the stem; some of our western types are a little short. Sometimes, as you know, this western flax will just about reach the top of the pigweed, and we are trying to raise its head well above the pigweed so that the farmer can go along with the combine and get it. I think that this is an important thing.

Mr. Ross *(Moose Jaw)*: You say you are putting a cross into the linseed and the fibre flax?

The WITNESS: Yes; but similarly we would like to get into some of this fibre flax a little more production from the seed standpoint. As Dr. Archibald pointed out, one of the difficulties of the fibre flax is that it does not produce seed very well. If we could get some combination there—a greater length of straw into our linseed types for the west and more of the linseed production of seed into the fibre types—we have a nice little program there which looks promising.

Mr. GOLDING: Have you also tried out different types of soil for the production of fibre flax in your experiment?

The WITNESS: Yes.

Mr. GOLDING: And what is the situation now as between the different provinces? Where do you find the soil most adaptable for producing the highest quality of fibre flax?

The WITNESS: Well, I think Dr. Archibald covered that point fairly well yesterday, did he not? I think you will find that all in the record fairly well covered. Are there any other questions with regard to flax?

Mr. EVANS: Has the development of the breaking down of linseed oil to make an edible oil made any progress in the last year, doctor?

The WITNESS: Yes, we have made good progress up to the point where they will make excellent shortening from linseed oil, but the trouble is that when heat is applied you get an odour from this which is objectionable, a sort of rancidity develops. That is what is being investigated now by a number of people in the states and in Canada. That has been the subject of a lot of investigation. There seems to be a difficulty there, but the study is pretty well in hand. At present the matter is being studied co-operatively by quite a number of people from the Research Council, the Ontario Research Foundation, linking up with the different universities, Macdonald college. Professor McFarlane is doing a lot of fine work, and our own people, of course, are doing good work.

Mr. HENDERSON: Does your department strongly recommend the treatment of flax?

The WITNESS: Yes. It is found that there develops sometimes almost invisible little cracks in the seed which allow organisms in the soil to penerate and that affects germination very much. They have found that the germination of seed which, apparently, looks quite good, may be increased appreciably—quite appreciably, by a proper treatment with one of these mercuric dusts. The lab at Winnipeg—the rust research lab did some fine work on that matter last year which was very conclusive.

Mr. Ross *(Moose Jaw)*: Have you anything to say with regard to safflower?

The WITNESS: Safflower, as Dr. Archibald pointed out, does not look too promising as a crop, generally speaking, but there are a number of types. We brought in types from all over the world. We have under test two or three that may have something, but we cannot say very much about that yet. Last year was the first year that we really made any extensixe tests, and there are some problems there in connection with the fertility of the seed itself that have to be investigated. The production of seed has not been so very high. In one or two places it has not been too bad; in Lethbridge, for instance, there have been fairly

good returns and at Morden the return has been fair, but at other places the results are poor. The oil comes in between soybean and linseed oils as regards quality, but there is nothing at the moment to make us very optimistic about safflower.

Mr. GOLDING: With regard to fibre flax seed, you are not getting nearly the quantity per acre now with the modern machines that you did before, are you?

The WITNESS: Well, we are attempting to utilize the fibre as well as the seed and you are bound to lose some of the seed. If you grow fibre for seed naturally it is with the intention of getting all the seed you can. At best you cannot figure on more than half of what you will get with the ordinary linseed types that you grow in the west, but there are some of the new varieties that are really showing up very well—J.W.S. for instance. A fibre flax that became very badly mixed in the country is a good seed producer, but with a little selection we may get something out of that that will produce a fair amount of seed and a pretty fair quality of fibre, at least, we are hopeful.

There is work being done in developing types of wheat capable of resisting the sawfly in Saskatchewan, Manitoba and Alberta. That is, perhaps, not so well known, but it is rather interesting. That work is being concentrated largely at the station at Swift Current which is, I suppose, in the heart of the sawfly area. That is being tackled by crossing some of our better wheats, our leading wheats, on some foreigners that have come in and are capable of resisting the sawflys, chiefly because of the thick walls of the stem. The sawfly can petetrate but the mortality in those stems is very high on the larvae and they find it hard to work out from the node between the internodes. They will fight through but if they do live they find it hard to cut their way through. If they do cut their way through the stem is still thick enough to hold up the head. We are using some of this crossing on wheats, like Marquis and such wheats as Thatcher, Regent, Renown and so on, working in co-operation with the entomologists on quite an extensive scale. As a result of that progrom we have a number of wheats under test this year at a number of points in the country, right in the heart of the sawfly territory, as well as on some of our branch farms. We are looking forward with a lot of interest to the results. The quality of some of this has to be explored, but in preliminary tests the quality looks quite good. In frost hardiness and drought, these two seem to be linked together pretty well. We find, for instance, that those wheats which carry the blood, so to speak, of our stronger wheats are usually more resistant to both drought and frost—spring frost—than those who do not carry it; so we are incorporating in to a lot of our better spring wheats the blood of wheats like Canus and Reliance which are a cross between winter wheat and spring wheat, and they found that where frost was so common in parts of the west that some of these new types had shown a lot of promise and they come right along without any set-back which has the final result of making them very late, if they are not completely destroyed.

The work we have been doing in connection with the development of vitamin flour is probably a matter of considerable interest and should be, I think, in that we have in our Canadian wheat a type of wheat which lends itself particularly to the development of a flour which can carry much more of these vitamins that cost so much money to buy at the drug stores than do some of the wheats of other countries. For instance, we have found—and there is an article going out on this—that there is quite a definite relationship between a high protein and a high vitamin content, and we are hoping to make the most of that. We are telling our old country friends who are become very interested in this that we are now breeding not only for high protein but for high vitamin, and we are hearing from them quite often. The British Research Association and the British and Irish Millers' Associations are very interested in this matter. One thing that has probably promoted that interest more than anything else is the very recent discovery made, which was first suggested by ourselves and then developed by the research association in England and then by our own lab, that the little pocket which carries the germ

of the wheat called the scutellum, and which weighs actually about as much as the germ, is immensely more rich in vitamin B-1 than is the germ itself, and that has stimulated a lot of interest among our own millers who have become quite intrigued with the thought that this germ which has been condemned because of the fact that it was supposed to contribute poor keeping qualities to the flour and was not a fraction of the kernel which they needed to worry about most—the scutellums is very many times more rich in vitamin B-1 than is the germ itself; and so at present the commercial mills are seeing what they can do to extricate more of the vitamin B-1 particularly from the wheat kernel than is possible by the ordinary system of milling. That is quite a big question and has been written up pretty well, and I take it that you do not wish me to go into detail about it, although I shall answer any questions you wish to ask.

The CHAIRMAN: In what way did you have in mind utilizing this vitamin B-1 content?

The WITNESS: In retaining more of it in the wheat flour produced by milling and making our wheat more valuable from a nutritional standpoint and, perhaps, making it commend itself more to the markets of the world because of its high nutritional properties.

The CHAIRMAN: I had in mind that you might be thinking of attempting to extract it for some other use, and I was wondering what the reaction might be on the value of our own flour. It looked to me as though that would detract from our own flour?

The WITNESS: We have found how we can quite easily produce a wheat flour carrying about five times as much B-1 as is carried in the ordinary flour formerly made; and there is this rather important point that you can easily calculate this. Vitamin B-1 or thiamin hydrochloride costs 47 cents a gram at the present time when you buy it at the drug store or if you buy it for synthetic use as they do in the United States to put into their flour instead of milling it out of the wheat. Now, you can save at least 5 cents a barrel by milling wheat in a way that will extract what has been found practicable to extract from the wheat kernel. That is, we get ordinary flour used for bread making which carries about 160 international units of B-1 to the pound—I will not explain what international unit means but keep that figure in mind—and we can easily get 400 in ordinary bakers' flour; in the patent flour used for housekeeping use there are only about 75 to 100 units to the pound of flour compared with 400 which we can get from this flour. Now, from every barrel of second patent flour made for the commercial making of bread you lose 5 cents worth of thiamin. It disappears in the shorts, chiefly. A mill making 12,000 barrels of flour a day, such as the Maple Leaf Mill at Port Colborne, would lose over $600 worth of thiamin hydrochloride going into the shorts. Our authorities on animal feeding tell us that the pig does not require that; the pig gets about six times as much vitamin B-1 as it needs in the coarse grains which are used as the basic ration. Cows and sheep synthetize B-1 in their own bodies, so they do not require it. So this is actually lost. What seems to be well worth thinking about is that we are losing by the ordinary system of milling around 5 cents a barrel. That may not seem very much, but when we multiply that by a few million it runs into quite a lot of money from that standpoint. When we are trying to devise ways and means of saving and of utilizing agricultural wheats there is a waste there that might well be avoided and there is something that might be made use of.

Mr. HENDERSON: It is not only a financial matter but it is also important as regards health.

The WITNESS: Yes. The modern tendency has been to refine our foods and to take out a lot of things—to denature, so to speak—and the result has not been very good on the health of our people. You will hear from Mr. Davis

with regard to some of the work we have been doing on barley and peas and so on.

The CHAIRMAN: Are there any questions which the members would like to ask Dr. Newman?

By Mr. Wright:

Q. Did you say that Mr. Davis would answer questions with regard to barley?—A. No.

Q. Are you prepared to? What work has been done in the department with regard to rust resisting barley for malting purposes?—A. A great deal of work has been done. Of course, the development of smooth awns has been to the fore, but, unfortunately, the smooth awn types, as a rule, have not been popular with the maltsters; they do not want them. There is a looseness to the hull which makes a loose malt. Up to date no smooth awn malting barley has been developed and introduced in the commercial scale. There is one smooth awn type which has the approval so far of the malsters—that is a new one—that is being investigated this year. It is being increased this year, and they would like to get a carload quantity in order to make a final test. That is the first smooth awn barley that they would accept in the commercial test which they propose to run. If these tests are as satisfactory as the preliminary ones have been they will be glad to put their seal of approval on it.

Q. Has any work been done in developing a stronger neck barley that will stand up for combine purposes?—A. Yes, there are a number of these barleys that are being tested for that purpose. There are some that are coming out pretty well now—Sanalta, in Manitoba; this is becoming very popular, and in the Summerside area of Manitoba and also in southern Alberta. That barley is being propagated; the foundation stock is at Lacombe station. It has a strong neck, is tall, rather late, a two-row variety. It has not been investigated for malting particularly yet. I doubt if it will be, because our malting system is geared to handle the six-row type which produces a little different type of malt and is the one that everybody went into.

Mr. ROSS *(Moose Jaw):* Is the Prospect of strong quality?

The WITNESS: No, Prospect is tall, it is a good smooth awn type, it has not any particular malting properties.

Mr. ROSS *(Moose Jaw):* How is it for combining?

The WITNESS: It stands up fairly well because it is not very tall; it is a little on the short side.

By Mr. Rickard:

Q. With regard to vitamins has any research been made by life insurance companies and milling companies, or do they work in conjunction with your department?—A. Yes, very much so. We have found very good co-operation from the milling and baking industry, and the life insurance people are very keenly interested in this work.

The CHAIRMAN: Do you know about the type of barley that is grown in North Dakota for malting purposes and whether it is any different from the type we grow in this country?

The WITNESS: Yes, there is Wisconsin Pedigree 38 which is a smooth awn type. In the states they are not so particular as we are here, and that is probably due to their different extraction system.

Mr. LEGER: Would you tell the committee the varieties of oats that are smut and rust resisting?

The CHAIRMAN: For the maritime provinces?

Mr. LEGER: Yes.

The WITNESS: In the maritime provinces the variety called Erban has established itself quite strongly because of its resistance to leaf rust. It is not resistant to stem rust. But it is resistant to the forms of leaf rust and also to smut. It is resistant to both loose smut and covered smut, and we have a cross going on now. It has been under test for the last two or three years and is being increased—a cross between Erban and Vanguard which combines the leaf-rust resistance of Erban and the stem-rust resistance of Vanguard, and that is looking well—exceptionally well,—though in tests recently completed it seems to be rather high in protein content, which is all to the good.

Mr. LEGER: Does Erban yield as much as other varieties?

The WITNESS: Yes, on the basis of tests. That is in the maritime provinces, conducted on our farms there; but in local tests in the country we recommend Erban at present as deserving of first place in most places.

By Mr. Rickard:

Q. Does that apply to Ontario as well?—A. In eastern Ontario, particularly, there are certain areas where leaf rust is particularly liable to occur. Those have been pretty well mapped out. We recommend Erban. In other areas we recommend Vanguard because the stem rust is more prevalent.

Q. We find in our section that Erban is perhaps the best we can grow.—A. Yes.

By Mr. Leger:

Q. What variety of barley would you recommend for the maritime provinces?—A. In the maritime provinces we have not anything very much better, year in and year out, than Charlottetown two-row barley.

Q. How does that compare in yields with the other varieties?—A. Well, I would say it is one of the best; it is about the best on the average so far. There are some newer ones that are looking promising, but until we get a little more results on them we cannot say definitely.

Q. It is a six row variety.—A. Is it a smooth awn barley?

Q. I could not tell you.—A. We evolved a six rowed smooth awn barley—it is an early variety called Olli.

Q. Is it rust resistant?—A. None of these are.

By Mr. Rickard:

Q. What has been your experience with Nobarb barley?—A. It is one of the best smooth awned barleys for your district. It is very good barley for the district to which it is suited.

By Mr. Soper:

Q. What would you consider a fair yield of Erban oats in the maritimes?—A. Well, you mean how much better it would be than say Banner—I suppose it might run from 10 to 15 bushels, but in a year when you had rusts you would get a big jump on Banner. If you had no rusts there would not be as much difference. We get these things occasionally.

By Mr. Leger:

Q. What type of buckwheat do you recommend for the maritimes?—A. The maritimes may grow some of this rough buckwheat—that is a rough buckwheat—and some Japanese, and some black, and silver hull—I would think they were about the best to recommend.

Q. Is there a buckwheat now with a bright straw?—A. Yes, that is a fairly new Red Straw as it is sometimes called. That was selected by some farmers who found it particularly suitable for light grades of soil.

By Mr. Rickard:

Q. What kinds of wheat do you recommend to grow in mixed grain?—A. We do not recommend the growing of wheat with barley and oats in view of the fact that our tests show that where you include three grains in the mixture almost invariably you depress the yield; but if you are not worried about the total yield per acre in your area a variety like Coronation, which is rust-resistant would go very well with Erban and Nobarb.

Mr. RICKARD: It makes a swell feed.

The WITNESS: Yes, of course, but you do not get the number of pounds per acre.

Mr. LEGER: Would you recommend a mixture of barley and oats?

The WITNESS: They should make quite a desirable mixture on even ground—that is barley on really good ground that is in a good state of cultivation and fertility will yield more pounds per acre than oats usually, generally speaking. But if you have uneven ground, depressed barley does not stand wet feet very well; but on even ground as regards fertility you may break a little better than even by growing a mixture of the two; and that of course is very common practice—with a variety of oats suited to the district and barley suited to it, you might reasonably expect to get a return of about fifty-fifty each.

By Mr. Wright:

Q. In the northern district of Saskatchewan, I think in parts of northern Saskatchewan, Thatcher wheat was severely infected with leaf rust, and I think it reduced the yield easily by 10 bushels an acre. Is the new variety of Thatcher more resistant to leaf rust than the original?—A. The selections out of Thatcher which have been combined with more resistant varieties have resulted in some newer types which are much more resistant than Thatcher. Thatcher itself was very susceptible to leaf rust.

By Mr. Leger:

Q. Do you think Thatcher wheat would be best for the maritimes?—A. No, I think it would be about the worst. It does not do well in the maritimes for some reason or other. Coronation is one—

Q. I tried to grow Coronation for three or four years on my farm and I had no results from it at all, I then tried Huron and that gave much better yields.—A. Huron and Coronation where there is no rust compare very closely. Where there is rust, as so frequently happens in your part of the country, Coronation is much the better.

By Mr. Rickard:

Q. Could you tell us what is a fall wheat for our district?—A. You are speaking now of your district, Durham; it is pretty hard to beat Dawson's Golden there—it is of a very good quality for pastry use.

The CHAIRMAN: I am sure the committee is very much indebted to Dr. Newman for the information he has brought here this morning, and I desire to pass on to him the thanks of the committee. I hope that we may have the privilege of having him before the committee on some future occasion.

The WITNESS: Thank you, Mr. Chairman.

The CHAIRMAN: Now, gentlemen, with respect to continuing the information before us, I imagine that the discussion of the dehydration of fruits and vegetables will take some little time; what is the wish of the committee, shall we adjourn now?

Some hon. MEMBERS: Yes.

The Committee adjourned at 12.50 o'clock p.m. until Tuesday, July 6, at 11 o'clock a.m.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

TUESDAY, JULY 6, 1943

WITNESSES:

Mr. M. B. Davis, Dominion Horticulturist, Experimental Farms.

Mr. C. C. Eidt, Assistant in charge of Fruit and Vegetable Products, Central Experimental Farm.

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

TUESDAY, July 6, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Cardiff, Cloutier, Cruickshank, Dechene, Donnelly, Dubois, Evans, Fair, Fontaine, Furniss, Gardiner, Golding, Gregory, Hatfield, Henderson, Leger, MacKenzie (*Lambton-Kent*), McCubbin, McNevin (*Victoria, Ont.*), Matthews, Mullins, Perley, Rhéaume, Ross (*Souris*), Ross (*Moose Jaw*), Soper, Tustin, Ward, Weir, and Wright.—31.

In attendance: Mr. M. B. Davis, Dominion Horticulturist; Mr. C. C. Eidt, Assistant in charge of Fruit and Vegetable Products, Central Experimental Farm; Mr. L. W. Pearsall, Secretary-Manager of the Meat Board and Mr. R. S. Hamer, Director of Production Service, Department of Agriculture.

The minutes of the last meeting were read and on motion of Mr. Wright, approved.

Mr. Davis was called. He dealt with the subject of dehydration and was examined. He was followed by Mr. Eidt who explained the mechanical operations involved in the dehydration process.

Mr. Pearsall was recalled and further examined on the marketing of beef.

On motion of Mr. Golding, the Committee adjourned at 1.15 o'clock p.m., to meet again at the call of the Chair.

A. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 6, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, if you will come to order we will proceed. This morning we are continuing with part of the discussion that was under way last week. The gentleman who is appearing before the committee this morning is Mr. Davis, who is the Dominion Horticulturist and who has been paying particular attention to the question of dehydration. Are the committee prepared to hear Mr. Davis now? I might say that he has with him Mr. Eidt who is an engineer with the department. If there are any details from an engineering point of view that the committee might wish to ask questions about he will be available, and I am sure, willing to give any additional explanation that the members of the committee might wish to have. Is the committee agreeable to hearing Mr. Davis continue the discussion on dehydration? If so, I have pleasure in introducing Mr. Davis to the committee.

M. B. DAVIS, called.

The WITNESS: Mr. Chairman and gentlemen: I do not think I will take a great deal of your time this morning. I merely intend to elaborate on a few points that were brought out in your previous discussions particularly with reference to certain questions which were asked and at that time not answered.

The dehydration of fruits, particularly apples, has been of long standing in this country. The product which is being produced to-day is vastly superior to that which was produced a few years ago. I believe one question that was asked was in connection with the comparative costs of dehydration and canning. Dr. Archibald the other day stated that dehydration was the cheapest form of food preservation. I intend to give you some figures as to the relative cost of processing apples by dehydration as compared with the canning of apples. One pound of dried apples—that is, at 24 per cent moisture—costs 3·15 cents for processing. That is not allowing any cost for the product itself.

By the Chairman:

Q. That is for the dehydration process?—A. That is the entire process of dehydration and packaging. Those are the 1939/40 figures. I am going to use the 1939/40 figures for comparison because we have very complete data.

By Mr. Donnelly:

Q. That 25 per cent is the moisture before it is dried?—A. No, when the apple is finished. When the completed product is ready to market it has from 22 to 24 per cent moisture in it. Originally it had about 85 per cent moisture. There is about 15 per cent solids in apples, roughly speaking. To put them up in the so-called gallon can, No. 10 can, or 105 ounce size, it costs 13·66 cents for a can. To interpret these results and to compare these 1939/40 figures you will require the following; one barrel of fresh apples—that is, raw apples—delivered at the factory produces from thirteen to fourteen pounds of dried apples. Another figure that you will want is that 6·3 pounds of prepared apples—that is, the apple after the core and the skin have been removed—is equivalent to one pound of dried apples. That is the ratio. In a 105 ounce can you have 94

to 96 ounces of raw flesh. That is, flesh with the skin and the core removed. If you take that 94 ounces as approximately six pounds, for easy figuring, you will find that it costs 2·33 cents a pound of the fresh apples to put them in the can. Every pound of fresh apples that goes into the can costs 2·33 cents to process. That is approximately correct.

By Mr. Ross (Moose Jaw):

Q. That is without the cost of the apples, just the processing?—A. That is correct. If you figure it only costs 3·15 cents a pound for drying apples and figure that back on the fresh weight basis—one pound of dry is equal to 6·3 pounds of fresh—you will find it is only costing you half a cent a pound to process raw apples in dry form as against the figure of 2·33 cents to put them in the can.

By Mr. Donnelly:

Q. That is counting the container and all?—A. Yes, that is the comparable cost.

By the Chairman:

Q. That is not counting the containers?—A. Yes. In the case of the can it costs between 7 and 8 cents for the can alone, and all your other steps in the processing are practically the same. You have got to pare them; you have got to core them; you have got to either slice them or segment them, and you have to use heat. You use some heat in driving the moisture out of the apple but then you save a great deal on your package and on top of that you save freight which it not figured here because this is just the cost at the factory, so that your comparable cost is half a cent a pound on the fresh weight as compared with 2·33 cents in the can.

By Mr. Tustin:

Q. Is it necessary to put these apples in a can after they are processed?—A. That is dried apples?

Q. Yes.—A. Not unless they are destined for tropical countries in which case we would dry to a lower moisture content than 24 per cent. The 22 to 24 per cent moisture content, which is the moisture content of the bulk of our Canadian apples, is quite satisfactory for approximately one year's storage in a temperate climate such as we have here, but for special orders destined for Bermuda and other tropical countries we prefer to dry down to 10 per cent moisture and then package in a gallon can. That, of course, is a somewhat more expensive procedure than the 24 per cent but even then it is much cheaper than canning them in the ordinary way.

By the Chairman:

Q. What kind of container do you ordinarily use for these dehydrated apples?—A. The ordinary container that has been used up until recently was simply a wooden box called a shook. The material was pressed into that so that the shook contained about fifty pounds of dried apples. Since the war started it has been difficult to get shooks so they have been putting them into heavy cardboard containers containing twenty-five or fifty pounds, pressing them in the same way, and it makes just as good a package. It is wire bound. It is quite satisfactory for export. Recently small lots have been put up by lining with a moisture-proof lining which is made out of laminated material. It is a foil material, one layer of kraft, one layer of asphalt, one layer of metal foil, and that is protected again by a layer of kraft. That makes a fairly expensive package but it only adds a fraction of a cent to the cost, but an ordinary wooden shook, fifty pounds to a shook, is the package that is employed.

Q. In the case of apples is there any difference between the nutritive content of the dried apples as compared to canned apples when the product is finally marketed?—A. No. Dried apples as they are being produced to-day will give you as good a refreshed product as regular canned apples.

By Mr. Ross (Moose Jaw):

Q. Better, are they not?—A. I would not say they are better but I have been using them in my house for the winter and my wife tells me she would just as soon use dried apples to make pies, tarts or apple sauce as any fresh apple she can buy after the first of February.

Q. That is what I mean. They are just as good as the fresh apple?—A. Yes, and I notice we are using them right along at the house in preference to the fresh apples that have been on the market within the last two or three months. On that point there is a matter I would like to bring to your attention, and that is the value of dried apples. The dried apple industry in this country was originally built around the old evaporator in which the product that was made was tough and was not a good keeping product. It was generally based upon a surplus of very low grade apples for which they paid anywhere from 30 to 60 cents. I think about 70 cents a barrel was the top price. When we improved the quality the price of the finished product does not seem to have increased to the point where it should have. For easy figuring you can state that five pounds of dried apples is equivalent to one bushel of fresh apples. You very seldom can purchase in the city of Ottawa a bushel of fresh apples for $1.50, but if five pounds of dried apples are equal to a bushel of fresh apples you can afford to pay 30 cents a pound for our present dried apples and you would be getting fresh apples at $1.50 a bushel. That is, 30 cents a pound retail. If you paid 30 cents a pound retail the primary producer could get from $2 to $2.35 a barrel for his apples instead of 60 to 70 cents which was the price he enjoyed prior to hostilities of the present war.

By Mr. Soper:

Q. Sixty or 70 cents a barrel?—A. Yes, that is all the dehydrators were able to pay because dried apples ordinarily retail at anywhere from 10 to 15 cents a pound. I know they are retailing to-day in Ottawa for 15 cents a pound. When you buy apples at that price you are buying apples at the equivalent of 75 cents a bushel.

Q. Where did they ever buy apples at 60 to 70 cents a barrel?—A. In Nova Scotia from the surplus of 500,000 or 600,000 barrels of apples; normally that is about what they paid for them.

Mr. CARDIFF: What quality of apples?

By Mr. MacKenzie:

Q. Windfalls?—A. No, some of them would be domestics, some of them bruised apples which, if they went to the processing plant fairly speedily, as they did, would produce a good quality of dried fruit.

By Mr. Cardiff:

Q. What quality of apples do you dehydrate?—A. Right at the present time we are dehydrating in Nova Scotia the best. That is, we are dehydrating graded apples; that is, domestics and No. 1's because of the loss of the export market overseas, but during normal times they would probably only dehydrate the small size of No. 1's—that is, anything around 2¼ to 2½ inches—and they would dehydrate domestics which on account of scabs and bruises would not keep in the fresh form long enough to market them in the Old Country. Sometimes they would even dehydrate fairly good apples if the fresh market was glutted.

By Mr. Donnelly:

Q. Are these dehydrated apples on the market in Canada?—A. Yes, they have been here in Ottawa right along.

By Mr. Golding:

Q. At what price?—A. We have been paying at my house 15 cents retail. The point that I should like to leave with you is that that is about half what these are worth.

By Mr. Cardiff:

Q. What percentage of the 1942 crop was dehydrated?—A. That really comes under Colonel Wheeler, but I think I can guess at it fairly well. In Nova Scotia they produced last year about 13,000,000 pounds of dried apples. They must have dehydrated at least 80 to 85 per cent of their crop last year on account of the loss of the English market.

By Mr. Hatfield:

Q. Those are subsidy apples?—A. You can call them subsidy apples. The government bought them at around $2.35 a barrel, somewhere in that vicinity. As I understand it the government paid the processor or paid the Nova Scotia Apple Marketing Board a certain figure for dried apples, and they in turn purchased the raw apples from the growers at a figure which is pretty close to $2 to $2.35.

Q. At $2.25 what would it cost a pound for dehydrated apples?—A. In the vicinity of 23 to 24 cents, including everything.

Q. After the processing was paid for?—A. Yes, everything.

Q. What price did you sell those apples for to the British?—A. I do not know that. Mr. Hamer is here. He can answer that better than I can. That angle does not come under my division. We simply look after the technical end of the processing. We are interested in this one thing; we feel there is an opportunity to make the dehydration industry of real value to the primary producer. We have gone to the expense of putting the quality up right at the top and we are interested in seeing that dehydrated apples are not sold at half their actual value. That is what is being done to-day.

By the Chairman:

Q. Is there any educational work being done to acquaint the housewife as to the relative value of these two products?—A. I do not know that anything much in the way of educational work has been done. Since the start of the war we have not had dehydrated apples available on the Canadian retail market until this year. They have all been used overseas, but educational work along those lines would be of value.

By Mr. Hatfield:

Q. Has your process of dehydration improved 100 per cent in the last two or three years?—A. Yes, I would think so because present methods of processing will give you an apple in which practically all the core and seed cells have been removed for one thing. Their moisture content is nearer correct than it ever was; practically on the nose now. Furthermore, with the re-sulphuring methods that we have, you can practically guarantee a year's keep under ordinary storage conditions.

Q. You still have the two methods, the evaporator and the dehydrator? —A. Yes. Most of them are now dehydrated; the bulk of them.

By Mr. Soper:

Q. Evidently the producer is not hand-picking his apples. It is just a shake-off proposition?—A. Under our present system apples are sold on their

grades just the same as they do in normal times when the dehydrator is only taking the surplus. Actually a lot of windfalls do go to the evaporator and they are just as good if they are handled immediately.

By Mr. Hatfield:

Q. Then your price of dehydrated apples is practically the same as it was under the old method although the method has improved?—A. The price has not varied a great deal. That is correct. The old retail price used to run around 12 cents and it is now 15.

Q. Is there any reason why your price should not advance with your improved methods?—A. I cannot answer that question.

By Mr. MacKenzie:

Q. Is it the competitive basis that keeps it down? What does it compete against?—A. The foreign market was based on a competitive price, that is true, but we were not sending as high a grade to foreign markets prior to the war as we are now putting up.

By Mr. Donnelly:

Q. Do you not think it is because the common people were prejudiced against dried apples?—A. There is a lot in that prejudice on account of the old quality they were accustomed to.

Mr. HATFIELD: There should be a campaign put on to educate them as to the improved methods and show them the improved methods.

The WITNESS: I think it would pay dividends.

By Mr. Tustin:

Q. There is a small can of apple sauce put up that sells for about 15 cents a can. It is a very fine product but it seems to me that is a very expensive way of packaging that product. Could that not be put up in a cellophane package or something like that?—A. To-day cellophane is very difficult to get. In normal times it would probably be a cheaper method of doing it that way. I suspect the reason for that is the difficulty of getting packages at the present time.

Q. You would say that was a good way?—A. Cellophane would be cheaper and quite as satisfactory.

By Mr. Wright:

Q. Would it not be a fact that you have no way of judging whether the consumer would pay more or not because of the price ceiling? The price ceiling was on when you brought in your new process and naturally you cannot raise the price.—A. I presume that is a factor.

Q. And the consumer cannot pay more as long as the price ceiling is there? —A. No.

By the Chairman:

Q. There are not many of these apples available for the Canadian market, anyway?—A. Yes, there were between 1,000,000 and 2,000,000 pounds supposed to be made available this year for the Canadian market. Another question that was asked the other day was something concerning the length of life of dehydrated vegetables. I should like to say at the outset that very marked progress has been made in the processing of dehydrated vegetables since the war started. The dehydrated vegetables that were put up during the last war were an entirely different proposition to those that are being put up in this war. It is due to two things. One is the pre-processing treatment which we now give. Formerly most of the dehydrated vegetables were simply washed, pared or stripped and then cut and dried raw and no attempt made to inhibit the action or slow down the

action of the enzymes by any heat treatment prior to the drying. To-day we prepare vegetables by washing, slicing, dicing or stripping. Then they are blanched or pre-cooked for a few minutes until the enzymes in the product are practically killed. That prevents rapid deterioration of the product after it is dried. In addition to that the products which were put up during the last war ran from 8 to 10 per cent moisture whereas now most vegetables are running 5 per cent with the exception of potatoes where we allow about 6 to 7 per cent moisture. Those two factors have gone a long way towards improving the keeping quality of the vegetables. Furthermore, by adopting steam blanching as against water blanching for all products except potatoes, we are able to retain a large proportion of the vitamins in the product. Then again, packaging methods, whereby we package all vegetables with the exception of potatoes, beets and onions in carbon dioxide gas to prevent further oxidization, give you a product with a reasonable shelf life under ordinary storage conditions.

By the Chairman:

Q. Are your apples also pre-cooked a little?—A. No, the apples are not. They are just done raw because apples contain a high percentage of sugar and acid and they do not require blanching to the same extent although there are possibilities in that direction and that is under investigation now. We will take carrots. With the processing and packaging as recommended, and stored in ordinary warehouses, you can expect at least nine months actual life. When I say actual life I mean a life whereby the edibility of the product and the food value of the product is of a high order. It can have a lot longer life than that and still be edible but that is by our standards which are pretty strict. We would not hesitate to state that carrots at the end of nine months under ordinary warehouse storage conditions in any part of Canada would be a first-class product from the standpoint of food value and edibility.

Turnips—you can expect a year's life; cabbage—you can expect a year's life. And if you put them down at 40 degrees, two years; because we have them in store here at Ottawa at around 40 degrees that have been here sixteen and seventeen months, and they are in just about as good a state as when they went in. Potatoes—at the same temperature we would expect at least nine months life on them.

By Mr. Ross (Moose Jaw):

Q. That is at a temperature of 40 degrees?—A. No, that is under ordinary storage.

By Mr. Wright:

Q. Does freezing have any effect on the quality?—A. No effect at all, you can store them below zero. High temperatures, around 90 degrees to 100 degrees are the only difficult proposition we have; and we do not get that in this country for any length of time; it is only in the tropical countries that we are worried about that.

By the Chairman:

Q. What do you consider in this matter as a normal temperature?—A. In the neighbourhood of 75 degrees.

By Mr. Cardiff:

Q. What size of package do you use for potatoes?—A. Five-gallon tins. You might be interested in a statement as to the quantity of the various products that goes into these tins; we get 15 pounds of dried carrots to a tin; on cabbage, we get 10 pounds; on onions, 15 pounds; on turnips, 15 pounds; on beets, 15 pounds

and 15 pounds of potatoes—that is in the five-gallon tins, hermetically sealed and gassed in the case of carrots, turnips and cabbage.

By Mr. Golding:

Q. Are any of these vegetables now on the market and available to the housewife?—A. They are not available to the housewives in any great quantity because the bulk of the crop is being processed practically entirely for the use of the armed forces. There are one or two firms who spasmodically put out small packages; but the distribution to the housewife has not as yet taken on any great importance; and undoubtedly if dehydrated vegetables are to be sold to the housewife the package angle will have to be looked into and improvements made. Possibly the improvement will be made in the direction of compressing the dehydrated product into small packages, which can be done, and machines are now being constructed for that purpose. The results of our efforts in the direction of packaging will largely determine whether the housewife will be able to get this material at a price which would make it economical or possible for her to purchase it at certain times of the year.

By Mr. Donnelly:

Q. Do you put all your dehydrated vegetables into wooden boxes?—A. The dehydrated vegetables are all put into five-gallon tins and hermetically sealed.

Q. Yes, I was wondering how you kept the gas in them.—A. They are hermetically-sealed tins used for the dehydrated vegetables.

By Mr. Leger:

Q. Would you be good enough to tell us if there is more than one process used in connection with the peeling of potatoes in preparing them for dehydration?—A. Yes—the gentleman has asked if there is more than one process now in use in peeling potatoes. There are several processes. We so far have only used one, and that is what we call the abrasive method, in which the potato is placed and by means of a carborundum side and being rotated around in water the skin is removed by abrasion, and after that it goes to a trimming table to have any digger mark and eyes taken out. Some firms in the States have been using a lye-peeling method and we are not recommending that because we have not yet seen a sample of lye-peeled potatoes that would grade fancy. Lye causes some discoloration. We can in the laboratory do it, but in practice we have yet to see a sample which would grade fancy; and besides that there is the personal risk in the use of lye and we do not recommend it. There is another firm in the States using a method that does look hopeful; and that is by subjecting the potato for a very short time to a high steam pressure which softens the outer part and permits the skin to be removed by soft abrasion and rotation in a drum without doing any harm to the potato; and it looks like a perfectly practicable method. We have not tried it commercially. In this country at the present time it is all done by the abrasion method.

Another question that is sometimes asked us is in connection with the comparable food value of the dehydrated product and the fresh. Naturally, there is no form of processing which gives you as high a food value in the finished product as you get in the fresh product, if you can get it fresh. What I mean by getting it fresh is this, if you can go out into the garden or field and get it directly you have a higher food value than you can get from any form of processing.

Let us take potatoes, for instance; they afford a very good example and they are comparable for two things in addition to their carbohydrate value, that is, that they have a very high vitamin B value and they have a very high vitamin C value in the early part of the year. Through processing we do not lose any of the vitamin B_1. It is all there, just as much in the dried as in the fresh; but we do lose from about 30 per cent to 40 per cent of the vitamin C.

On the other hand you take potatoes that you harvest we will say in October and you store them through until March or April and you have lost in ordinary storage, no matter how carefully you store them, most of the vitamin C value. So that if you take potatoes and process them during October, November and December, heat treated and then stored, the dried product to-day would have more vitamin C, two or three times as much as the fresh potato which you can buy on the market here—I am talking of last year's potatoes, not the new crop coming in from the States. So that on the whole I think it may be said that these dehydrated products do have a food value, and you know just what you are buying.

And now, with cabbage it is the same story; early cabbage, cabbage processed during September and October from the early varieties, the green leaf varieties, will have a food value in March above the food value of the stored cabbage which you can buy from your grocery store. In carrots, we do not lose any Carotene during the process so dried carrots contain all their food values. With methods properly followed and with proper packaging it has as good value as the fresh carrot which you will find on the open market.

Q. If anyone owns a dehydration plant can they dehydrate all these different products in the same plant?—A. Any one plant should be able to dehydrate the entire line.

Q. I am speaking from the standpoint of machinery?—A. The machinery is the same, with one or two exceptions. For instance, a plant that concentrated on potatoes would probably not have a steam blancher. We use a water blancher for potatoes and all that would be necessary to go ahead and process cabbage would be a steam blancher and a kraut cutter instead of the regular slicer that is used on root vegetables, such as carrots and the like; so the steam blancher and other pieces of equipment would have to be added to the plant for potatoes and then the plant would be equipped to do any line of vegetables; and the rest of the equipment, such as trimming table, tunnel and other equipment would be the same.

By Mr. Ross (Moose Jaw):

Q. Would you explain that tunnel system of drying?—A. Yes, although if it is satisfactory to you Mr. Eidt could do that much better than I. He is the man who originated that particular type of tunnel.

By the Chairman:

Q. May I ask you one question: is the department responsible for the standards of quality that are produced from these different dehydration plants and by these different processes?—A. Yes, the standards of quality come under the Canned Meat and Foods Act which is administered by Col. Wheeler's division under the direction of Mr. S. J. Parry. They have set up in their Act certain government standards for fancy, choice and sub-standard qualities of dehydrated vegetables. These are based upon recommendations and findings from the research department of the experimental farm service. While their inspectors are responsible for the administration of that act; that is, to check the quality of the product at the factories, we co-operate to the extent that we will make for them—speaking now for both science service and the experimental farms because they work so closely together that it is difficult to tell them apart—moisture determinations, sulphur determinations; and we check the vitamin content; and while the inspectors actually do the grading on the basis of the colour of the product, we also keep a check on that at their request and actually do cooking tests in our laboratories.

Q. Are these the standards of the product that are recognized as such?—A. Yes, they are so recognized, and the Act is administered by the department, so that when you purchase the quality should be just what is stated on the

package. We have had excellent co-operation from the various manufacturers; in fact, the Canadian dehydrated vegetables are right up at the top; we do not need to be ashamed of them. We have had very few rejects, very few indeed; we have nothing to be ashamed of in the quality of our dehydrated product these last few years; they are right up on top as far as quality is concerned.

By Mr. Henderson:

Q. I wonder if you could tell us whether these processes could be applied to other fruits and vegetables and apples and those you have mentioned?—A. We have never succeeded in doing much beyond the experimental stage simply because we have not had any surplus product on which to work. There is one product, namely, loganberries from which we have made a very excellent product in a small dehydrator operated on Vancouver Island for a few years; but they did not seem to be able to put the product over with the housewife, probably due to the lack of volume and lack of finance to develop; but it is an excellent product and should hold forth some wonderful opportunities if capital were interested.

Peaches—they have been tried experimentally and very satisfactorily, but we have not had a surplus crop—the canneries have always been able to take care of the surplus.

Prunes—British Columbia—we have dried to the satisfaction of the army authorities, but there again we have had no surpluses available—the fresh market takes most of the stock that is not taken for army use. Our big difficulty in developing the application of dehydration to other products than those under review has been really due to the fact that there has been no surplus.

By Mr. Golding:

Q. What proportion of the vitamin is retained in the cabbage when it is used as sauerkraut?—A. It remains very high, that is a very good method of preserving vitamin C particularly.

By Mr. Hatfield:

Q. What comparison is there between canned vegetables and fruits and the dehydrated types?—A. From what angle do you mean, Mr. Hatfield?

Q. On the basis that we have been discussing.

Mr. DONNELLY: You mean from the vitamin standpoint.

Mr. HATFIELD: Yes, the difference between the canned and the dehydrated types.

The WITNESS: That is, you are speaking with respect to fruits now?

Mr. HATFIELD: Fruits and vegetables both.

The WITNESS: In the case of fruits, it varies with the fruits. I am of the opinion that the dried apple is the equal, quite as good as the canned apple. In the case of peaches, I think the average person would probably prefer the canned peaches although the dried peaches are a mighty good product. In the case of prunes, I personally prefer the dried prune to the canned one; but that again is a matter of taste; although in the case of loganberries, I would prefer the dried loganberry to the canned loganberry and the case of strawberries—strawberries do not dry satisfactorily and do not can well—the only first-class product is the frozen.

By Mr. Hatfield:

Q. What about blueberries?—A. Dried blueberries I think are equal to the canned blueberries.

Q. You would not go so far as to say it was superior?—A. Not always; but I would say of the dehydrated that it is quite the equal. I would just as soon have the dried—I do not think you could tell them apart if I were to blindfold you and serve you a sample of each.

The CHAIRMAN: It really looks as though the people of Canada have not been educated as they should be with respect to dehydrated products.

The WITNESS: I think probably that is the answer, a little more education is required and possibly some control to get the price where it ought to be.

The CHAIRMAN: Have you any further observations to make with respect to what is being done?

The WITNESS: I think that covers all I had intended to say.

By Mr. Wright:

Q. What is the main difference between the fancy and the choice grades in these dehydrated vegetables; is there any difference in the food value or is it just with respect to appearance?—A. No, the main difference would be that the fancy is much better in appearance with less breakage and practically no discoloration, and would have little better keeping qualities due to a slightly lower moisture content.

By Mr. Ross (Moose Jaw):

Q. During the last few years you have been doing this work in your department, now I don't doubt that you find yourselves in the same position as many other parts of the Department of Agriculture—at least, it is the kernel of the representations made to us when people of the department come before us—just what is your position, do you have any difficulty in getting sufficient equipment and sufficient men assigned to you for the purpose of carrying on this work?—A. Yes. Up until the war started it was an almost hopeless proposition. I might give you the history of this whole thing, this dehydration, it did start just after the last war when Dr. Archibald set up a dehydration committee of which he was chairman, and with him were Mr. C. A. McGillvray, who was then the chief inspector and who was his right-hand man, also the dominion chemist and my late chief constituted the committee. And they did have made available to them for some few years about $20,000 on which to start these dehydration experiments. Well, later, about the time I tackled the job, that was all absorbed in the regular vote. It worked all right the first year but the second year we got clipped, so we endeavoured to carry on and we have been carrying on at Kentville, Ottawa and Summerland by pinching money wherever we could pinch it to keep this work going, but we were never able to build up much of a staff; we had two men at Summerland and one man at Kentville and one man at Ottawa—that is a total staff of four—who were rightly chargeable to what money was left of the old dehydration vote; and everything else put into it was just more or less pinched from some place else. When the war started we had to get assistance—I moved one assistant off other work entirely and I moved two lab. assistants and closed other lines of work, and moved a couple of labourers in and in that way was able to carry on at Summerland and Kentville—and that just meant cutting down our expenditures somewhere else.

Q. If we were to vote you more money you would do better work would you not?—A. Yes, our staff even now is inadequate for the work required of us.

Q. That is a rather general complaint, is it not?—A. But I might say that we are now getting more. Last year the Agricultural Supplies Board made available $50,000 for use at Ottawa with which we were supposed to get a building to cost about $40,000, but owing to delays of one kind or another in connection with the erection of the plant the cost kept rising until it rose to

$46,000; with the result that there was only $4,000 left to carry on with; and they have undertaken to get some more money for us and I believe that is before the Treasury Board now, and if they do that will fairly well take care of us for the coming year in so far as our immediate needs are concerned.

By Hon. Mr. Gardiner:

Q. What is responsible for the statement you made with respect to the fact that the Canadian dried product stands at the top?—A. I would say, Mr. Gardiner, that it is entirely due to efforts of the departmental officials in first doing a good job of experimental work; and, secondly, in the administration of the Canned Foods Act in co-operating with us in checking up on it; and, the co-operation which the manufacturers are themselves giving.

Hon. Mr. GARDINER: And you are doing that with the little bit of money that has been available to you.

Mr. Ross (*Moose Jaw*): It has been far too little money.

By Mr. Hatfield:

Q. Is it not true that the dehydrated vegetable is much superior to any product that is being put out in the United States so far?—A. I did not get the first part of your question, Mr. Hatfield.

Q. Is it not true that the dehydrated vegetable we are putting out is much superior in quality to anything that has been put out in the United States so far?—A. We have had a good many samples of the American vegetables and we have not had any that we would put up for fancy grade. Of course, I have not seen them all, but we have had the assistant quarter-master general of the United States army up here, and also several of their leading experts, and we have given them demonstrations at Ottawa on our vegetables that have been put up in our factories in different parts of the country and they have told us that we have given them the best demonstration of dehydrated vegetables that they had ever seen.

Mr. HATFIELD: I might say for the benefit of the committee that I had a man in my plant six months ago who had been in all the plants in the United States, and they have between 300 and 500 of them over there—since the war they have built about 300 dehydration plants—and he said that our quality was much superior to theirs; that has been my experience from having been in the United States factories, that our quality is much superior to theirs.

The WITNESS: I think that is true. They pass out what we would turn down.

THE CHAIRMAN: Mr. Ross is going to ask some questions on the mechanics of this dehydration process from Mr. Eidt.

Mr. Ross (*Moose Jaw*): I think we should thank Mr. Davis.

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Mr. Eidt will be able to explain to the committee the mechanics of the operation.

Mr. C. C. EIDT, called.

The WITNESS: I have not very much to add to what Mr. Davis spoke about this morning except a few questions which came up while Mr. Davis was talking that I might be able to answer. The first one was with regard to the dehydration operation. As you know, in the last war, under the old-fashioned system driers were practically the only thing that we used and they just consisted of a box with rows of steam coils and the heat raised by convexion through the trays and dried the material. Our contention had always been that the quicker the material could be dried the better the finished quality. For example, we recently completed an experiment on cabbage. In one case

we had a quick blanch and quick drying, and the total loss of vitamin value was only about 27 per cent. In the same experiment that was done the next day with the same cabbage we used a slow dry and a fairly long blanch and the loss of vitamin C was 69 per cent. So that all our efforts have been put to hastening or speeding up the drying cycle. And now, the method we used in the newer tunnel developed by our department in Canada. Our theoretical evidence has been that practically all vegetables and most fruits will stand a very high temperature in the early drying period and that two-thirds of the moisture of the vegetable can be removed in the first hour and a half. For that purpose we developed a tunnel in which we use large volumes of air, 40,000 cubic feet per minute travelling at a rate of around 1,100 lineal feet through the vegetable in a parallel manner. Frayed vegetables are put on trucks exposed to the point where the air enters and travel down the tunnel to continuously cooler temperatures. By using that system, as I say, we reduce the amount of water about two-thirds in the first hour and a half to two hours.

Then, in the final end of drying we find that each vegetable has what we call a critical temperature. That may vary with different vegetables. As a matter of fact, it does. At the final end of drying the moisture comes out comparatively slowly so we have a counter-current tunnel joined on to the end of our parallel tunnel and the food is then moved over into this other section of the dryer. In this section we maintain two conditions. The first condition is that we use a temperature that will not scorch the practically dried material. With potatoes that temperature is around 155 on freshly dug potatoes. By the time we have been operating six months, or on potatoes that have been stored six months, we find we have to reduce the temperature to around 140 or 145. I am speaking of fahrenheit throughout.

On cabbage, which is very subject to high temperature, we use a temperature of 135 or less, depending on the pre-treatment. In addition to using the correct temperature for each vegetable we have to control the humidity of the air. Mr. Davis pointed out that one of the requisites of a good keeping vegetable was that it should be of a very low moisture content. We find from an operational standpoint the only way that we can get low moisture in the finished product is to have very dry air in this end of the tunnel. That is controlled by the amount of fresh air we bring in and for dehydration all the fresh air we use is brought in in the secondary end. I think that may answer that question unless there are some details that you want to know.

By Mr. Ross (Moose Jaw):

Q. When these vegetables are sliced or cut they are then put on trays? —A. Trays.

Q. Wire trays, and they go through on a truck in the tunnel?—A. Yes.

Q. In layers?—A. In layers, with the air passing through the layers of fruit in a parallel manner at the first end and a counter-current manner in the finishing end which gives you two-way air flow and evens up the drying, and also you run your two sets of conditions to get what we want, quick drying. I might say that in this particular regard the research work on dehydrators is nowhere near at an end because we feel we can still further improve if we can still further hasten the process.

In the old evaporators the drying process used to take anywhere from eighteen to twenty-two hours. In the old slow counter-current tunnel of the Miller type that was developed in Oregon for prune drying we found the best that we could do was about eight to ten hours. Now we are down to about four to five hours for each of the vegetables.

Q. Do you have any difficulty with drying your different types of vegetables? For instance, suppose you were to dry cabbage, we will say, and then turn to drying onions; is there any difficulty there in using the same tunnel?

—A. No, the same tunnel can be used. Where we are drying onions we like to have the tunnel metal-lined because there is considerable odour that can be absorbed from the onions. It is only necessary to wash the tunnel down thoroughly before it is used for another product, but the tunnel as designed is equally adaptable for fruits or vegetables.

Q. What is the total cost of a plant of that kind?—A. It depends upon the construction. The dehydrator itself will cost from $12,000 to $14,000 completely equipped to operate, with trucks and trays. One hundred and fifty horsepower is required to run one unit and a 150 horsepower unit to-day will cost around $8,500, or with automatic firing about $12,000. Depending on the vegetables that are being dehydrated, meaning this, that if you are only doing cabbage, you only need one line-up but if you are doing, say, cabbage, potatoes and carrots you will need several line-ups, your cost of preparation equipment will run anywhere from $8,000 to $14,000. Then you will have to have a building. The minimum size would be about 125 feet by 40 feet, two storeys. Over Canada there would be considerable variation but the cost is anywhere from $20,000 to $30,000. The entire set-up for one dehydrator would cost from $50,000 to $60,000, including the building.

Q. I suppose your fuel costs are a very large item in the operation?—A. They are a very minor cost. The large costs are your fresh fruit or fresh vegetables and labour. I believe we have some figures right here. These are 1941/1942 processing costs for various plants that were in operation. We will take turnips. The cost of processing in Nova Scotia for labour was 5·7 cents and in Ontario for labour was 14·8 cents.

By the Chairman:

Q. Per pound of dried product?—A. Per pound of dried product. The cost of fuel was 3·2 cents in Nova Scotia and 5·1 cents in Ontario. The cost of vegetables was 14·19 cents in Nova Scotia. As to potatoes, the cost of plant labour—this is the average of the four lowest plants—was 4 cents. The highest plant was 12·4 cents. The cost for fuel was 1·6 cents and 3·3 cents. I have not the cost of vegetables in that case but it would be around 14 to 15 cents a pound.

By Mr. Evans:

Q. How many would normally be employed in one of these plants?—A. It just depends on what operation you are on, but sixty per shift, about one hundred and twenty people.

By Mr. Cruickshank:

Q. Have you the figures for British Columbia?—A. We have the figures for British Columbia on carrots. The figures for labour on carrots were 10·58 cents, office expense ·96 cents, packaging 3·02 cents, fuel 2·76 cents, factory expense general, ·903 and overhead ·58, making a total manufacturing cost of 18·825 cents.

Q. How does that compare with corresponding factories elsewhere in the same line?—A. We have no comparative figures on carrots but I would say that the cost of manufacturing in British Columbia all the way through has been quite reasonable.

By Mr. Ross (Moose Jaw):

Q. In connection with the tunnel I was asking about the construction of that tunnel. What is the tunnel itself made out of? Is it brick or wood?—A. We have used two forms of construction. One is a simple framing built of two by fours using 7/8th of an inch of insulation on the inside, made with any of the good insulation boards, inside and outside sheeting with metal lining.

Some of our plants have been constructed with interlocking tile and they have used an inch of asbestos insulation placed on the inside. That has been very satisfactory.

Q. Where these processing plants are do they generally have big underground storage capacity or warehouse capacity?—A. It depends on the location. In Nova Scotia the apples are kept in the ordinary warehouses and moved to the manufacturing plant as required. I believe that has been true of New Brunswick and Nova Scotia potatoes. The new plants starting at Laprairie, Que., are providing for storage facilities for 600 to 800 tons of vegetables because they feel they have got to get the vegetables out of the hands of the growers to assure themselves of supplies. I do not think, using such a volume of material as you do in a dehydration plant, there is any chance of doing a good job on a surplus basis. You have to have a large volume of product available as you can imagine where we are processing 20 to 30 tons of vegetables per day in one plant.

By Mr. Golding:

Q. What is the average production of potatoes, for instance?—A. One unit will handle about 9,000 pounds a day of dried product;multiply that figure by about 7½ to one and you have the amount of raw material they use per day. Mr. Hatfield is not here but I do not think he would object. I think his average production for last year was 8,370 pounds of dried potatoes per day. Towards the end of the season he was operating at about 9,000 pounds per day.

By Mr. Evans:

Q. About 30 tons of raw vegetables?—A. About 30 tons in the case of potatoes. With some of the other vegetables we cannot handle as much because we have got so much more evaporation to do. For example, in potatoes we only have to reduce on the basis of prepared material from 5 pounds by weight down to one. With cabbage, on the other hand, we have got 18 pounds of cabbage to make one of dry, so that there is much more evaporation and therefore the volume production is much less.

Q. The total cost of one of these plants would run around $80,000?—A. About $60,000—$50,000 to $60,000.

By Mr. Tustin:

Q. Why should there be such a difference in labour costs between New Brunswick and Ontario?—A. The basic cost of labour has been very much less in the maritime provinces. The large majority of the labour used is girls. The labour costs for girls have been about 30 cents in Nova Scotia last year and I understand that labour costs here are around 45 to 55 cents for girls in Ontario. I think another factor has been the class of labour employed. In the maritimes most of the plants are in the small towns where they get farmers' daughters and that sort of person who are just about as much interested in the plant as the manager himself, whereas in some of the larger cities where there are munitions plants and everything else all they get is floating labour that do not care about the plant at all. I think that has been a factor.

By Mr. Cruickshank:

Q. Did you mention labour costs in British Columbia with those other costs?—A. Those figures can be tabled. I should like to go over them because I have not got them separated into British Columbia, Nova Scotia, etc. We have just taken the high cost plant and the low cost, but we have those figures available.

The CHAIRMAN: Are there any other questions?

By Mr. Ross (Moose Jaw):

Q. There is one thing that I should like to ask. In connection with the handling of fruits and vegetables at these plants I suppose it is necessary for a

plant to have storage and be able to procure a large amount of fruits and vegetables at the time the harvest is on and hold them in order to keep their plants going a good part of the year? How long do they generally run?—A. It depends upon the set-up. Last year they operated from about six to eight months. As I say, with apples in Nova Scotia they take them from the warehouse. I understand in British Columbia they are working with the Vegetable Growers Association there and they get their supplies through them. They deliver them fairly well as they need them. On the other hand, some of our men have had to store their vegetables to assure supplies. That has been true in Ontario and is apparently going to be true in Quebec.

Q. Would that add appreciably to the cost of production?—A. You will have the cost of double handling. In that case the manufacturer takes the loss from shrinkage rather than the farmer.

By Mr. Cruickshank:

Q. Have you inspected all the plants that are operating?—A. I have been in all plants except the plants in British Columbia. Our Mr. Atkinson has attended to them.

Q. As I understand it, you or some official passes on the plant?—A. We all work together. When there are plans being drawn up for other sections the plans are submitted here and we criticize each other's work.

Q. What I mean is some official of the Department of Agriculture will check on the different plants across Canada?—A. That is correct.

Q. And in British Columbia it would be Mr. Atkinson?—A. That is correct.

By Mr. Hatfield:

Q. You would not suggest that plants should be built in any part of Canada except in some district that had a surplus of any one commodity?—A. I do not think that you can base a business of this nature on surpluses. I think it has got to be run exactly the same as the canning business, contract the amount of material that is required early in the season.

Q. But it would have to be in a district producing that material?—A. Absolutely.

Q. That is what I had in mind.—A. One of the reasons for the increase in cost of dried potato production in Ontario over that in the maritimes has been that potatoes had to be brought in from the maritimes to Ontario for drying.

Q. You have inspected plants both in the United States and in Canada. What would you say about the set-up in each country?—A. I think we have been blessed in one way, that of twenty-seven plants in operation in the dominion twenty-five of them are using exactly the same type of dehydrator. In the United States in the tours I have taken through the various sections there is every type and style of dehydrator you can imagine. Some of those dehydrators simply have not been able to perform because they are not mechanically sound. In one case a man put a plant in and the first 30,000 pounds he produced were rejected. After spending $65,000 he had to re-design his plant. I think that has been a common experience in the United States. Another factor that has kept the quality down is that a lot of them are using straight counter-current dryers and are getting drying in anywhere from twelve to sixteen hours whereas, as you know, we recommend only processes that will get us the quickest type of drying.

By Mr. Golding:

Q. In ordinary peacetime do you think it would be necessary at all to carry on this process of dehydrating potatoes and vegetables of that sort? Do you think there will be a market for them?—A. I think it depends, as to that point, on exactly what our manufacturers do. Some of our vegetables will certainly be served in the future, as they were in the past, entirely as fresh, but we feel there are certain fields that have definite possibilities. One of them particularly

is cabbage. Another one is corn. There is certainly an opportunity with soup mixtures with and without meat stock, and also on dried pea and bean mixtures, but it depends on what the manufacturers do. If they keep up their quality and package properly as Mr. Davis pointed out we feel these things have a reasonable shelf life and that we can preserve the nutritive value. If that is done I feel there can be a reasonable development of dehydration after the war for civilian use.

By Mr. Evans:

Q. Can these plants be changed over to canning factories after the war without great expense?—A. The buildings and boiler plants and the preparation equipment would be applicable.

By Mr. Fair:

Q. What effect would this low labour cost in Nova Scotia in comparison to the high cost in Ontario have on the price to the consumer in those provinces? —A. That would have to be answered in the future. Practically everything being produced to-day, as you know, is going into some branch of the armed services. The amount of material that is being marketed for domestic use at the present time is not enough to give any adequate test of marketing or as to costs. They are putting up their material in high cost packages. It is a straight war effort at the present time.

By Mr. Cruickshank:

Q. Did I understand you to say that potatoes dehydrated in Ontario were imported from the maritimes?—A. There is quite a large percentage of potatoes imported into Ontario this year for manufacture.

Q. And there are quite a few factories in Ontario?—A. There were two in operation during the past season. There will be three more go into operation this year but they will not be manufacturing on potatoes. They will be manufacturing on vegetables that can be produced in Ontario.

Q. But there will be two in Ontario that will be operating on potatoes?—A. I believe Mr. Conger can answer that better than I can but I think the five plants will be operating more on other types of vegetables than potatoes. I know that two of the plants are definitely committed for cabbage and as to the other plants any potatoes that they manufacture will be on a very small scale.

By Mr. Ross (Moose Jaw):

Q. Can you give us any idea—maybe Mr. Hatfield can help us—as to what the ordinary return per pound would be to the producer of the vegetables that would go into these drying plants?—A. The ordinary return so far has been the straight market price of the vegetables.

Q. Just the market as it was?—A. Yes.

The CHAIRMAN: Mr. Davis outlined that with respect to apples.

By Mr. Wright:

Q. How do the Department of Munitions and Supply purchase these products from the various plants? Do they purchase on a flat rate right across the dominion or on the basis of the cost at each plant?—A. Past contracts have been on a cost-plus basis. I understand the contracts for this year are on a straight price basis.

Q. A flat price right across the dominion?—A. Again Mr. Conger should answer that but I believe it is zoned.

The CHAIRMAN: Are there any further questions? We have a couple of other witnesses here this morning to carry on with some other matters unless there are further questions that you would like to ask Mr. Eidt.

Mr. HATFIELD: I have a question.

By Mr. Hatfield:

Q. I should like to ask about the cost of dehydrating apples. What is your estimate of the cost of dehydrating apples?—A. In 1939/40 the actual cost according to the *Economic Analyst,* October issue—on an average of eleven plants the cost was 3·152 cents. The actual cost to-day is practically double that. A fair figure would be around 6¼ to 6½ cents without the fruit.

The CHAIRMAN: Was that information not put on the record by Mr. Davis? That is on the record, Mr. Hatfield.

By Mr. Hatfield:

Q. In the last two years there has been great improvement in the dehydration process of both apples and vegetables?—A. That is correct.

By Mr. Cruickshank:

Q. What grade of potatoes are required for dehydrating?—A. Canada No. 1 large, and a percentage of Canada No. 1 small were allowed in last year's contract.

Q. Would that be the same this year?—A. I fancy so.

Mr. HATFIELD: I may say our average price paid the producer on potatoes is around $2 a hundred for 10 per cent No. 1 smalls and the balance No. 1's.

Mr. CRUICKSHANK: Is that delivered at the factory?

Mr. HATFIELD: That is delivered at the factory. That is our average cost throughout the season, $2 a hundred. Ten per cent of those were smalls, second grade.

Mr. EVANS: Have you any by-products from that plant?

Mr. HATFIELD: We did have from the peelings of the potatoes and the parings and trimmings, which we used as starch.

Mr. EVANS: And what would that amount to say?

Mr. HATFIELD: Probably about $100 a day.

The CHAIRMAN: You mean, for the by-products of the dehydrated potatoes?

Mr. HATFIELD: From the peelings and parings of the potatoes—we had a starch factory. I may say that while we are on this that during the last war I dehydrated, I suppose I am probably the only person in Canada to-day that dehydrated potatoes and other vegetables in the last war. And since that time the process developed is much superior than what we used in the last war. Most of our dehydrated products in the last war were vegetables, which went into a soup mixture which was made up, to every 1,000 pounds I would say there were 400 pounds of dehydrated potatoes, 200 pounds of dehydrated turnips, 100 pounds of onions, 100 pounds of celery, 100 pounds of carrots and 100 pounds of pea meal—that is to every 1,000 pounds of the finished product. That was all dehydrated and ground together and packed in 20-pound tins. That was practically all sold to the French government and they used it as a soup mixture. It was a very fine soup mixture. But since that time the method of dehydrating vegetables has been very much improved; and I think that the experimental farms branch—Mr. Davis, Mr. Eidt and the others—should be complimented on their improved methods which were brought about entirely by their experiments in dehydration.

Some hon. MEMBERS: Hear, hear.

Mr. HATFIELD: I might say further that I have travelled and visited a good many plants in the United States this last year, and in my opinion our method is very much superior to theirs. They started a year ago in the United States to build 500 dehydration plants and they have completed about 300 up to date.

I might say that I started to erect one in the United States myself. They got themselves into an awful mess because they had no plans as we had in Canada and theirs grew up overnight, hundreds of dehydration experts appeared and they got themselves into all kinds of trouble and up until the present time there has hardly been a carload of fancy dehydrated vegetables turned out in the United States. I might say that our plant turns out about 90 per cent fancy grade.

The CHAIRMAN: I am sure the committee wish me to express their appreciation to Mr. Davis and to Mr. Eidt for the contribution that they have made to this meeting. They have given us a very interesting picture of the situation and I am sure the members are very grateful to them for appearing here and giving us this information. On behalf of the members of the committee may I extend to them our appreciation for what they have done.

Some hon. MEMBERS: Hear, hear.

The CHAIRMAN: Perhaps I may be permitted to suggest to members of the committee that they might tell their good wives something of the value of the dehydrated product and get them better known throughout the country.

An hon. MEMBER: Why don't you tell yours?

The CHAIRMAN: At a previous meeting it was suggested that Mr. Pearsall and Mr. Hamer should return and clear up two or three questions in the minds of certain members. Is it agreeable to members of the committee that we should recall Mr. Pearsall and Mr. Hamer for that purpose at this time?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Would you gentlemen (Mr. Pearsall and Mr. Hamer) kindly come forward. I have forgotten just what the questions were which the members had in mind, but perhaps they will be good enough to repeat them as they can be dealt with.

Mr. L. W. Pearsall, Manager of the Agricultural Meat Board; and

Mr. R. S. Hamer, Livestock Branch, Department of Agriculture, *recalled.*

Mr. GOLDING: I think Mr. McCubbin had something in regard to beef prices.

The CHAIRMAN: What were the questions you had in mind, gentlemen?

By Mr. McCubbin:

Q. (To Mr. Pearsall): Last week the cattle market seemed to have gone to pieces in Toronto. This week it seems to have regained more than it lost last; and I saw this morning in the Toronto *Globe and Mail* it is now back to 14·5 on a basis Toronto—in other words the price is getting up somewhere near what it was last year. It is a question in my mind—I am not objecting to those prices at all—but is it still the intention of this government to export meat to Great Britain and do they intend to step into the market before it reaches a floor price and buy for shipment to Great Britain?

The CHAIRMAN: That, of course, I think perhaps is a matter of policy. I do not know whether these gentlemen would be disposed to answer categorically or not; they have to deal with the details of carrying out the policy.

Mr. GOLDING: Well, let them deal with the present arrangement.

By Mr. Ross (Moose Jaw):

Is not the arrangement to step into the market when the situation gets down to the floor and jack it up?

The WITNESS: (Mr. Pearsall) The present policy is as stated the last time we were before the committee; that when the price reaches the floor for beef as set forth in the announcement that has been made, varying in different periods during the year, the government will buy any beef offered at those floor prices for stock piling and for export.

Mr. McCUBBIN: That is fine.

The WITNESS: But not at the present time; the policy is not to buy above these floor prices as stated.

By Mr. McCubbin:

Q. What do you mean by floor prices?—A. The floor price for beef as set forth from now until the middle of August is when the price for beef is 25 cents below the ceiling price.

Q. That is for beef I take it at the live price?—A. That, as was explained the other day, is rather difficult to do because it all depends on the quality, the dressing percentage of your cattle; it is exceedingly difficult to state what the comparable live prices would be for carcass values because of the fact that there is such a wide range in the dressing percentage of cattle.

By Mr. Evans:

Q. What is the usual difference in carcass values and that?—A. The ceiling price is 20 cents per lb. defatted for commercial beef. Ceiling prices for other qualities are established.

By Mr. Fair:

Q. Am I right in assuming that the statements made the last time Mr. Pearsall was before the committee that the government buys through the packers only, that they will not go out on the market and buy live stock direct?

The CHAIRMAN: What do you mean by the government, do you mean beef for military purposes?

Mr. FAIR: The Meat Board has stated—the other day some members of the committee I think were under the impression that the Meat Board will go on the market and buy livestock; my impression, if I gathered rightly, is that the Meat Board would buy dressed beef from the packer but will not touch live stock on the market.

The WITNESS: That is correct, the Meat Board will buy carcass beef. Any beef we may be buying will be dressed beef and at a price equivalent to the floor price for carcass beef.

By Mr. McCubbin:

Q. Is that correct, what Mr. Fair is referring to you now? I would like to know that. I may be wrong in this. As I understand it, it would be this, that when the price reaches the floor, say on the Toronto union stockyard, you would go to the market and buy beef on the market to bolster the price. Is that correct?—A. Definitely not, under the present arrangement.

Q. Well then, it is possible that you might allow the packers to reduce the price to a certain extent that they would stand to gain—you will not step in to protect the producer?—A. The present policy is not to buy beef catttle on the open market.

Q. And that means that you would allow that price to be depressed to the extent that would permit the packer a profit to buy and sell to you on this floor basis. Maybe I have got the wrong idea in my mind, but as I understand it, when the prices reach such a low that the packer would not go on the market and buy then the Meat Board would step into the picture and buy.—A. The Meat Board will step in and buy beef from any slaughter house in Canada as offered for sale to the Meat Board—at a price equal to the floor price—and at the present time that would be equivalent to $19.75 at Toronto, for commercial quality.

By Mr. Hatfield:

Q. Would the result of that price be to stop the packer from buying?—A. I probably should make this observation: the Meat Board has only been formed fairly recently and there are a large number of matters to which we have not given full consideration as yet, and there has been no policy absolutely decided on; but it is incorporated in the general plan and that is this, that we contemplate prohibiting any processor from storing beef for his own account. In other words, he would not be able to put it in storage at these floor prices and keep it for a higher price later on.

By Mr. Cruickshank:

Q. Is that an order yet?—A. That is not an order yet, no.

By Mr. Fair:

Q. There is something else there that also ought to be put into operation, and that is that the market price of live stock should not go below a certain level; that is that there should be a floor for the live-stock producer as well as there is for the packer. I think that is very, very necessary. Experience has shown it.—A. The only comment I can make on that is the difficulty of doing that in practical operation; in other words, what floor price you would put on your cattle, when you are speaking in terms of live cattle with such varying degree of value depending on dressing percentage.

By Mr. Cruickshank:

Q. What will come out of that as I see it, is that the packer will let the price get very depressed and then they will buy it at their own price and turn around and sell it to the food corporation at the floor price—they will operate on a basis of profit to themselves.—A. Oh, that may be so, sir; but I would like to state this again, that we are just starting off and I think it is our duty as a Meat Board—and I think the same is true of the various boards that are in operation—that we must assume that we have some responsibility to see that the producer gets a fair price for his cattle, just the same as we made that statement in regard to hogs. We cannot see that putting a floor price on cattle at the present time is a manageable or practical way of doing it. We have given that problem considerable thought and one thing we are giving some consideration to is this, we know that at practically every important marketing centre in Canada there are public slaughtering houses where they do custom slaughtering at standard rates of charge and any producer or other agency—say a commission man—that has cattle and feels that the price he is being offered for the cattle is not the equivalent of the floor price, we will be prepared and stand ready to back up anybody who wishes to have his cattle slaughtered and sell us the carcass; in other words, they would be in exactly the same position as the packer is himself.

By the Chairman:

Q. Mr. Pearsall, would you have any way by which you could prevent the meat packing industry from accumulating stocks at the floor price for resale later on at a profit; are you going to require them to service current requirements out of——A. You mean out of current stocks?

Q. Yes.—A. In other words, it is conceivable—our view is this, that if the floor price should drop this fall, if there should be a sufficient number of cattle in the market to put the floor price down to $2.25 below the ceiling, there would be an incentive there for the packer to put considerable stocks into his own freezer and if the market rose later on in the year probably accumulate some profit on that, and also further during the period when he was putting that

product back into the market from his freezer, say it was 15,000,000 pounds of beef that he had in his freezer, that would have an effect on the market in preventing it going back to the ceiling.

By Mr. Hatfield:

Q. What do you mean by floor price for the product there, you said the floor price of the product.—A. Did I say, floor price of the product?

Q. Yes, that is what you said.—A. I did so incorrectly then.

Q. If it is a fact that the packer is going to pay the floor price, is it not only reasonable and fair to assume that the packer is thereby going to force the price to the producer down below the floor price so that he can still make a profit on his sales to the Board?—A. In answer to the control of the floor price I simply could not say.

Q. Maybe I did not make my point clear. Would not the effect be that the packer would force the price down to the point where he would be able to sell to the Board at a profit at the floor price?—A. Presumably the cattle price will drop to a price that is equal to the floor price for carcass beef; that is implied in the plan set up.

Q. Certainly, therefore the packer is going to push down the price considerably in order to make a profit at the price at which he sells to your Board.—A. There is probably nothing in the regulations at the present time to prevent that; but I would again add this, I presume that is the responsibility not only of our Board but of the government, and one which they will have to assume when the time comes.

By the Chairman:

Q. And all the cattle that you get in this way will be for the British market? —A. For two purposes; for the stock pile in Canada, or for ships' stores and M and S; any surplus over those requirements goes to the United Kingdom.

By Mr. Cruickshank:

Q. Is that U.K. price a contract price?—A. No contract has actually been made with the old country as yet.

Q. At what price do you sell to them?—A. Presumably the price the U.K. will have to pay for their beef will be what it costs the Board to buy.

By Mr. Evans:

Q. In view of the statement you made about maintaining the ceiling price on beef, do you not think that brings up again the question of the necessity of instituting carcass grading in order to maintain the level of live cattle prices as to quality?—A. That might be one way of doing it.

By Mr. Wright:

Q. You said a while ago that there are public slaughter houses at which the producer could have his own stock slaughtered and sold direct to the Board at the large marketing centers; that is a statement you made, was it not?—A. Right.

Q. Who owns these public slaughtering houses; are they operated co-operatively or are they operated by private individuals?—A. No, they vary. In Toronto there is a municipal abattoir which is owned by the city; in Montreal there is the public cattle market, a subsidiary of the C.P.R.; there are three in Winnipeg privately owned—I do not know the exact basis of organization—but there is the St. Boniface abbatoir, the Farmers' abbatoir and the Public abattoir.

Q. What percentage of the total kill can they handle on those markets?—A. I can hardly answer that question on a percentage basis, but they have a considerable capacity. They can kill quite a volume of stock.

Q. It would be small though in comparison with the total cattle production?—A. Relatively small, yes.

Q. Do you think the fact that they are there will have the desired effect, or do you think that they will have to be guaranteed by the producers that they will get a certain volume.—A. Well, there is a lot of live stock of all classes being sold now through the public abattoirs in Winnipeg, they are doing a lot of slaughtering for the account of the Montreal butchers and small packers.

Q. Their slaughtering is mostly for the local butchers, is it not?—A. The local butchers and also fairly large buyers in eastern Canada such as Morantz —there is a lot of slaughtering done at these public abattoirs.

By Mr. Ross (Moose Jaw):

Q. In respect to this question of floor price, and the suggestion that the packers would operate to force the price of live stock for the producer down have you the power in your Board to force all the packers in Canada to kill live stock for the producer for government account at a stated price?—A. Yes we can do that. As a matter of fact, in developing the question Mr. Wright was asking about public slaughtering facilities; there are no public slaughtering facilities at Calgary so far as I am aware. If it becomes necessary to have a plant there I have suggested as a workable plan that we could overcome that handicap at Calgary by requiring one or both of the packing plants that operate at that point to do public slaughtering at a certain fee comparable to the cost at outside points; and the same might apply at Moose Jaw and other points.

By Mr. Hatfield:

Q. Has your board a plan worked out to support this?—A. Our plan at the present time is, as I have already stated, that we stand prepared to buy any surplus beef that any slaughterer may have to offer at prices that are equivalent to the floor price.

Q. Yes, but what is there to stop a man from buying cattle below the floor price?—A. At the present time there is nothing as far as any regulations are concerned to stop him.

Q. Don't you think there should be?—A. I agree in principle very definitely sir.

By Mr. Cruickshank:

Q. Did not that very thing happen last year, that the packers forced the price down and then got in on a kill?—A. At that time there were no floor prices.

By Mr. Hatfield:

Q. Otherwise there is no protection for the producer; there is protection for the packer.—A. The only thing I said—I agree with the principle, definitely, that the producer is entitled to and should receive protection and is entitled to a price that is equivalent to the floor price; the only question at issue is that so far, at any rate our Board, have not been convinced that a floor price on live cattle is practical or workable, nor that it will solve these problems.

By Mr. McCubbin:

Q. Do you think this will happen; you see prices where they are to-day— if the packer were in our place he would say he was losing money, would he not?—A. I imagine that might be his answer.

Q. Our markets this year have been as large as they were last year and our cattle population is increasing and there is going to be a great influx of cattle on to the market sometime after August; am I right in that?—A. I hope you are right, but so far a lot of people don't seem to be very optimistic. We have not seen them putting in their appearance on the cattle market as yet but we expect they will be showing up later on.

By Mr. MacKenzie (Lambton-Kent):

Q. At the present time with cattle prices what they are on Toronto can he get out on the present ceiling price for his dressed beef?—A. I do not think so.

Q. Then, why do they do it?—A. I cannot answer that.

Mr. WRIGHT: Because he figures he is going to make a profit this fall when there is a lot of beef coming on to the market and he doesn't mind taking a little loss now.

Mr. Ross (*Moose Jaw*): Why would anybody do that?

Mr. WRIGHT: Well what I think is this, your problem could be solved by passing regulations that all packing plants would slaughter to the account of the farmer if he wished to sell that way and sell direct to your Board; he could have his cattle slaughtered by regular slaughter houses but he must sell his cattle at the price fixed for the purpose—the farmer would be able to sell direct to the Board in that way.

The WITNESS: That is practically the plan that we are contemplating.

Mr. HATFIELD: I suppose your Board knows the difference between the live cattle and the dressed beef and you could fix that as a differential in your regulations; you must know the margin between the two.

The WITNESS: You mean the margin between the dressed beef and the live weight?

Mr. HATFIELD: Yes.

The WITNESS: That is a point under debate; there is no way of determining that because it depends on the dressing percentage.

The CHAIRMAN: You are working on a control I presume; that is taking meat off the market when it reaches the floor price and thereby letting it maintain a relative position practically all the time.

The WITNESS: Yes, it is basically a control, sir.

By Mr. Soper:

Q. To what do you attribute the high price of to-day?—A. To scarcity of meat—may I just finish this observation?

The CHAIRMAN: Yes.

The WITNESS: We have gone along now for—I have forgotten how long it is, five or six months—without any particular difficulty with respect to securing beef for M and S; but on Monday morning—as a matter of fact we got our wires in on Saturday—and on Monday we could not get enough beef in Ontario in places to fill camp requirements. That is merely an indication of the supply position. I think that answers your question. I expect the reason for the high price is shortage of cattle and keen demand.

Mr. FAIR: I appreciate the remarks made by Mr. Pearsall and their intentions to do certain things which have a bearing on the price to the producer, but I think you will realize that in view of the way live stock is marketed, depending on the producer, from one to a half dozen at a time; and there is some definite reason for these cattle being put on the market, and a producer in a number of cases cannot wait for any delay in payment. I think you will possibly appreciate that. I think you will also recognize that at certain phases of the year particularly when grass cattle are coming on the market, probably in June, and again when storms occur, in the wintertime, particularly in the prairies, that you have very heavy deliveries of stock to the markets; and on these occasions in past years we have had very drastic reductions in prices; so I say that if they are going to guarantee the packers a floor space for their product, there should be some similar provision guaranteed

to the producer. I think that as a result of the arguments that have been made here the Board will set up some regulations which will guarantee at least some protection to the producer.

The WITNESS: I again just want to state that I agree, and I think our Board agrees with the principles enunciated. We feel that we have a responsibility to see that the farmer gets a fair price in relation to the price that the Board is paying for beef; and if on account of heavy runs or any other reason the price should get out of line, I think our Board would have to assume the responsibility of taking some action. We have in our regulations authority to set minimum prices for live stock if, as and when it should become necessary. So far the Board has not considered that to be the most practical way of doing the job.

By Mr. Tustin:

Q. I understood you to say that the producer could take his cattle to one of the municipal slaughtering houses and have them slaughter and then the Meat Board would purchase the carcasses from the farmer at the floor price. Now, there is another thing which enters into that and I am not just clear on it; is that producer going to be given a slaughter permit in order that he can slaughter his cattle and sell them to the Meat Board; because at the present time as I understand the situation no producer can slaughter for resale without a permit from the Wartime Prices and Trade Board, and that would stop the farmer from taking his cattle and selling them to your board in that way.—A. I would have to answer that question this way. As I have already stated, the situation has not as yet developed to a point where the Board has taken any definite action in connection with it. But we certainly feel that the producer is entitled to ample protection. If we were to adopt a plan of the private producers slaughtering at a public abattoir and selling to the Meat Board then of course we would have to follow that plan through and make the arrangements necessary for him to operate under it and in that way make the facilities available to the farmer.

By the Chairman:

Q. Is that a fact, that these slaughtering plants have to have licences?—A. Yes, but not only that, they cannot kill any cattle for any person who does not hold a slaughtering permit. There is one other point I would like to add to that, as Mr. Hamer has prompted me on it; that is that any beef purchased by the Board would have to be slaughtered in a federally inspected plant. We cannot buy beef slaughtered locally or outside of non-inspected plants.

By Mr. McCubbin:

Q. Would you care to indicate to the committee the approximate quantity of beef that the British Ministry of Food wish to procure?

Some hon. MEMBERS: Louder, please.

By Mr. McCubbin:

Q. I was asking Mr. Pearsall if he would care to indicate to the committee the approximate quantity of beef the British Food Mission might wish to procure in the Dominion of Canada?—A. The only way I can answer that question is to state that the ministry's requirements with respect to beef for the present year, at any rate, would be away beyond anything we might anticipate or hope we could supply them with.

By the Chairman:

Q. Is the idea to ship this beef from Canada as frozen beef, or how were you going to ship it?—A. It will be frozen, definitely but the ministry will take it either in carcass form or boneless. We will try and ship most of it in boneless

form for the purpose of conserving shipping space but we may ship some in carcass form.

By Mr. Hatfield:

Q. Does your board have any interference from the Wartime Prices and Trade Board?—A. No.

Mr. Ross (*Moose Jaw*): Might I suggest that a regulation of the kind you spoke of a moment ago might be put into effect immediately and then I do not think we will have any trouble.

The WITNESS: I think probably that is quite true.

By Mr. Perley:

Q. May I ask this question?—Is it customary or is it the general practice to sell cattle to the packers for future delivery or future contracts?—A. I do not think it is general practice although there is a certain amount of that done. There may be some of that done through the ranch country. There may be some cattle purchased for future delivery. There is also another type of buying in Ontario. I do not know whether you would call it future or not, where the packer actually purchases the cattle, brings them east and puts them out on feed. They are to all intents and purposes his cattle, but it is not a large volume of business.

Mr. MCCUBBIN: We must clear up what Mr. Perley has said because he has referred to me in that statement. We in Ontario do not sell direct to the packers. We sell to the drover and he sells direct to the packers. We sell to the drover for future delivery say as of the first of August and then he in turn sells to the packers. The farmer or producer does not sell to the packer, you understand. The farmers in our district claim that the government has told them to hold their cattle that they might get larger weights. They are holding their cattle on the understanding that when fall comes the price will not be depressed. The difficulty will arise when fall comes and the price falls; they will then blame the government for not telling them to market them earlier. There is another point that you mentioned. You have power to set prices for livestock. I hope that will never happen for if you take the speculation out of the cattle business you spoil the cattle business.

Mr. Ross (*Moose Jaw*): That is the fear that everybody has had, also in Ontario, on the price of beef going down. As I understand it they thought it was going down and now instead of that it has gone up.

By Mr. Hatfield:

Q. Who put in the regulation that a farmer could not slaughter and sell to the dealer?—A. I presume you are referring to the Wartime Prices and Trade Board slaughter permits?

Q. Yes. Was that put in by the Wartime Prices and Trade Board?—A. Yes.

Q. Did they consult you?—A. Yes, our department was consulted.

Q. Do you think it is a good regulation?—A. Probably I should answer that question this way. I do not think any of us would agree it was good but I think we all agree it was necessary as part of rationing.

Q. For what reason?—A. With the rationing of any commodity one essential is that you must control your commodity. It is a very simple matter to do that with an imported product like sugar or coffee but when you are dealing with meat it is exceedingly difficult.

Q. I know, but they are allowed to slaughter and sell to their neighbors and are not allowed to sell to the meat dealer?—A. That is right, because that then becomes rationed meat for which they have to take ration coupons.

By the Chairman:

Q. You had the same experience in connection with hog slaughtering on the Bacon Board, did you not?—A. Yes, we restricted hog slaughtering previously.

By Mr. Wright:

Q. Do you know the percentage of kill that the packers are able to buy direct from the farmer through drovers that does not go on to the public market to be sold; it seems to me that that percentage has been growing in the last few years, that the packers have been able to buy direct rather than having to go on the public market to purchase, and the public market controls the price.—A. I have not got the figures in front of me, but I could get them for you. They are available. Your contention that it has been increasing is I think correct, but I have not got the figures for the various provinces in front of me at the present time.

Q. Would not that have the tendency of giving the packers a definite advantage; could the price of the total run of cattle be based adequately on a 25 per cent proportion that comes on to the public market?—A. I am afraid that is a debatable point.

Mr. WRIGHT: There is an argument on the other side.

The CHAIRMAN: Many of the drovers down in the eastern part of Canada here as I understand it are independent drovers, not packers' representatives.

Mr. WRIGHT: In western Canada they are mostly packers' representatives.

The CHAIRMAN: I do not think that is the case down here.

Mr. MCCUBBIN: That is not the case in Ontario; these men are on their own, furnish their own credit and everything, very often they will take them in to the open market and sell them as anybody else.

By Mr. Rheaume:

Q. Don't you think it would be a good thing to permit the farmers to do their own killing rather than continue the restrictions which you have in operation now? Take the case of the farmer who wants to kill a hog and give parts of it to his neighbour; with the regulations as they are at the present time it is not permissible to do that. I think you should at least give the farmer a chance to sell to the local butcher. Take the case of the farmer who came to me just the other day; he said, I have a 125-pound hog that I want to kill and I would like to pass some of it along to my neighbours, but I cannot do that, the only thing I can do is to ask permission from the local board at St. Johns and sell it to a butcher. I think you should change your regulations in that regard. It would be much better for the farmers.—A. That is a problem for the rationing division of the Wartime Prices and Trade Board.

By Mr. McCubbin:

Q. Taking it a step further, would you advise farmers to buy feeders at these prices?—A. Do you expect me to answer that?

Mr. MCCUBBIN: No.

Mr. Ross (Moose Jaw): You know what my answer would be.

The CHAIRMAN: I think we would rather have their views than anybody else's. Order, gentlemen, please.

By Mr. Hatfield:

Q. Do you not think there should be some restriction on the sale of veal calves?—A. Your idea is to increase the weight on them?

Q. Yes.—A. As a matter of fact there has been a substantial increase during the past year.

By Mr. Evans:

Q. Under your present set-up in the slaughtering of hogs your hogs are now all marketed directly to the packing plants and they are graded there and the farmer has definitely received benefits from the rail grading system. Under

your present set-up in marketing beef why couldn't you institute the same system and the farmers would be sure of getting the returns on his beef according to their grades?—A. Yes, the same system would be applicable. There is only one observation I would make. In your statement you said that all hogs were marketed direct to the packing plants. As a matter of fact, there is still a slight percentage going through the stockyards but the final basis of settlement is all the same, on a dressed basis.

By Mr. McCubbin:

Q. You do not think the farmers are holding back their cattle?—A. Frankly I do not know what to think. We expected some more cattle and they are not coming forward. I can only conclude they are holding back some cattle. Of course, everything is favourable. Pastures are good.

Mr. CRUICKSHANK: May I ask a question?

The CHAIRMAN: May we finish this discussion first?

By Mr. Evans:

Q. I should like to take that a little further. I know it is a controversial subject and I do not want to get into an argument over grading but in view of the fact that the price spread from now until the 15th of August, a certain period of time, is a certain amount in each zone do you not think to control the live stock market if you had a system of grading beef going into the plants it would have a tendency to keep the price of live cattle at a level?—A. I would concur in that thinking.

Mr. CRUICKSHANK: I understand there are some agricultural estimates coming up this afternoon so I suggest that we call it one o'clock.

The CHAIRMAN: I was merely trying to get to the stage of clearing up any questions in the minds of the members of the committee with respect to Mr. Pearsall's and Mr. Hamer's departments. Are there any more questions?

Mr. HATFIELD: Before you adjourn I should like to know if it is the intention of having anyone from the Wartime Prices and Trade Board before this committee?

The CHAIRMAN: I do not know. I cannot answer that offhand.

Mr. HATFIELD: I have some names here of those that I would like to have appear before this committee. There is Mr. Taylor, Mr. Grisdale, Mr. Bloom, the Farm Machinery Controller, Mrs. Phyllis Turner, oils and fats. I think there has been a lot of interference with the Agricultural Department in Ottawa by the Wartime Prices and Trade Board and I should like to have these people appear before this committee.

The CHAIRMAN: The present plan is at the next sitting to hear Dr. Swaine who was sick the other day. So far as farm machinery rationing is concerned there is an officer in the Department of Agriculture who has been the liaison officer between the Department of Agriculture and the other department with respect to farm implement requirements. He is available.

Mr. HATFIELD: He has not been able to get very far.

The CHAIRMAN: We will find out how far he has been able to get.

Mr. CRUICKSHANK: I have every confidence in the Department of Agriculture. I think they have given us a wonderful lot of information, but Mr. Hatfield has brought up the very point. We are going to get out of here in a couple of weeks but before that I want to have Mr. Nadeau and Mr. Grisdale before us. I do not want a man from the Department of Agriculture brought in here who is in charge of growing pansies at the experimental farm. With all due deference I want to know if it is guaranteed that we are going to have some of these Wartime Prices and Trade Board men before us.

The CHAIRMAN: I hope so.

Mr. HATFIELD: Is it not a fact that the Wartime Prices and Trade Board during the last winter stopped the dehydration of potatoes because they thought they were taking them away from the civilian population and that was a means of advancing the price and making a shortage of potatoes for the civilian population? I might say that in the United States that the Food Controller did just the opposite, he froze all the potatoes in the United Sates for the army and the dehydration plants so that the supply for the army overseas would be assured, and for a month the civilian population practically went without potatoes; but here in Canada the Wartime Prices and Trade Board said, and apparently the Agricultural Supply Board agreed—or the Agricultural Products Board—that we should dehydrate no more potatoes for the use of the army overseas because we were taking them away from the civilian population and in that way were likely to cause an increase in price. I think there has been a lot of interference through the Wartime Prices and Trade Board that has kept the prices of agricultural products down for the producer; and if we do not bring these gentlemen before us I do not think we are going to get anywhere. I do not think it is the fault of the Department of Agriculture, I think it is the fault of the Wartime Prices and Trade Board and we are not going to get anywhere by bringing the representatives of the agricultural department here because they are not going to tell us that the Wartime Prices and Trade Board are interfering with them, as I know they have been.

(The discussion proceeded off the record.)

The Committee adjourned at 1:15 o'clock p.m. to meet again at the call of the Chair.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

THURSDAY, JULY 8, 1943

WITNESS:

Mr. J. M. Armstrong, Technical Adviser on Equipment, Agricultural Supplies Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

MINUTES OF PROCEEDINGS

THURSDAY, July 8, 1943.

The Standing Committee on Agriculture and Colonization met at 4.00 p.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Aylesworth, Blair, Cardiff, Cloutier, Cruickshank, Dechene, Donnelly, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Henderson, Lafontaine, Leclerc, Leger, MacDiarmid, MacKenzie *(Lambton-Kent)*, Matthews, Perley, Rennie, Rheaume, Rickard, Ross *(Souris)*, Senn, Soper, Ward, Weir, Wright—30.

In attendance: Mr. J. M. Armstrong, Technical Adviser on Equipment, Agricultural Supplies Board.

The Minutes of the last meeting held on Tuesday, July 6, were read and, on motion of Mr. Dechene, approved.

Mr. Armstrong was called. He gave a review of the farm machinery situation under wartime restrictions and was examined.

Witness retired.

The Chairman announced that one or two witnesses remained to be called before the Committee had concluded its inquiry under the terms of its reference from the House.

On motion of Mr. Leger, the Committee adjourned at 5.30 p.m., to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 8, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4 o'clock p.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: To-day we expected to have two representatives of the department here, but one of them has not turned up yet. However, we can proceed with the third item on the order of reference which was a review of the administration of farm equipment rationing. We have with us this afternoon Mr. J. M. Armstrong, of the Agricultural Supplies Board, the officer of the Department of Agriculture who has attempted to look after the interests of agriculture with the rationing authorities so far as agricultural requirements were concerned. Is the committee prepared to hear Mr. Armstrong?

Some Hon. MEMBERS: Agreed.

Mr. J. A. ARMSTRONG, Agricultural Supplies Board, called.

The CHAIRMAN: I am sure, Mr. Armstrong, that the committee will be interested in any information you may be able to give them. I might say that Mr. Armstrong does not appear before the committee in the capacity of one dealing with rationing, but merely as a representative of the Department of Agriculture giving attention to it. I think he might tell the committee the general policy that is pursued and what are the circumstances with respect to farm equipment, and will probably give a good deal of other information as well. I will now introduce Mr. Armstrong to the committee. If he has a statement that he could give on the general situation, I think it would be advisable for him to do so.

The WITNESS: Mr. Chairman and gentlemen, I will give you a brief review of the farm machinery situation under war restrictions. The shortage of materials caused restrictions to be brought into effect. In December, 1941, United States priority officials announced a restriction in the materials to be made available for the manufacture of new farm machines in 1942. This was necessary if available materials were to meet military and civilian requirements. Under the new program, provision was made for an improvement in the priority ratings assigned to materials for farm machine manufacture. In this country the office of the Steel Controller was giving consideration to the requirements of the Canadian farm implements manufacturers for 1942. In view of the proportion of material of United States origin required in Canadian implement manufacture or normally imported in the form of finished machines, an arrangement was worked out whereby the Canadian farm implement industry would secure equal treatment with the United States implement industry with respect to priority on materials and the importation of United States machines and repairs, provided that this country would undertake farm machinery restrictions similar to those in effect in the United States. Early in 1942 an Administrator for Farm and Road Machinery was appointed to administer such regulations under the Wartime Prices and Trade Board.

The Farm Machinery Administrator, in collaboration with the industry, the Dominion Department of Agriculture and Provincial Departments, prepared an estimate of the minimum requirements of farm machinery for 1942, having regard to the agricultural production program, the equipment on farms and the

stocks of implements carried over in the trade. The first restriction order, R-1 of January 16, 1942, restricted farm machinery production and importation in the period November 1, 1941, to October 31, 1942 to 84·6 per cent of 1940 production or import for new machines, and 140 per cent for repair parts. On an over-all tonnage basis, this was equivalent to 95·3 per cent of 1940.

How this program worked out may be indicated by the fact that in May, 1942, the Wholesale Implement Associations for Winnipeg, Calgary and Edmonton reported no shortage of essential spring machines, while Saskatoon and Regina reported 70 per cent to 90 per cent of spring requirements were taken care of with the aid of inventory carried over from 1941. However, factory deliveries from November, 1941, supplied only 55 per cent of the spring requirements for Regina branches of all firms.

The Administrator, therefore immediately appealed for an improved rating on critical materials to complete the balance of the 1942 machine quotas. This was ultimately secured but some equipment was not in the field in time for use. On the whole, however, the equipment available to farmers from 1942 production plus the carry-over from 1941, was probably about equivalent to that supplied in 1940.

Plans for the 1943 program were under way in April of 1942, six or eight months in advance of the time when the materials would be required, in order to insure their procurement. Preliminary estimates indicated that material requirements for new machines in 1943 would be at least 50 per cent of 1940. However, this amount of material could not be provided. In the best judgment of officials responsible for the allocation of materials, not more than 25 per cent of the 1940 tonnage could be made available for new machines and 150 per cent for repair parts, or an over-all tonnage of 60 per cent of the total for 1940. This decision necessitated a drastic revision of the sizes and types of machines going into production for 1943, in order that this limited amount of material should be put only into the most essential new machines.

By Mr. Senn:

Q. Whose decision was that? Was it the decision of the Canadian Steel Controller?—A. I beg your pardon?

Q. Was it the Canadian Steel Controller or the American Steel Controller who made that decision?—A. The Canadian Steel Controller of the Department of Munitions and Supply.

By Mr. Fair:

Q. Have not those percentages been increased a little recently?—A. I am coming to that in a moment. The farm machinery administrator called together meetings of representatives from the farm implement industry and the Department of Agriculture, represented by the Western Agricultural Engineering Committee, and a similar committee for eastern Canada, to determine the most essential machine requirements to meet the farm production program for 1943. The result was a reduction of approximately 60 per cent in the size and styles of implements previously made. These recommendations were incorporated into an administrator's order, A-395, under date of September 12, 1943, giving quotas for production and importation for the period November 1, 1942, to October 31, 1943.

I am coming to the point which was just raised. Early in the present year, the United States War Production Board made plans to allocate additional material to the farm equipment industry in the United States, to provide an increase in machine units of approximately 30 per cent and to increase repair parts from 130 per cent to 160 per cent. Action was immediately taken in this country to parallel the United States increases. As a result, the present

Canadian farm equipment program for 1943 represents a tonnage for machine units equal to approximately 35 per cent of 1940 in place of the original figure of 25 per cent. Repairs have been stepped up from a figure of 150 per cent to 165 per cent of 1940. On this basis, the over-all tonnage will be approximately 72 per cent of 1940. In addition, Farm Machinery Administrator's order A-395 has been revised so that the closing date covering production and sales on the 1943 quotas will be September 30 instead of October 31. Provision was also made to complete production of machines by July 1. These changes may allow machine production from the 1944 allotment of material to be made available for fall work this year.

Coming to the situation for 1944, the supply of new farm machines and repairs for 1944 has not yet received final approval. Pending this approval I am authorized by the Metals Co-ordinator of the Wartime Prices and Trade Board to say that the minimum essential requirement requested for 1944 is equivalent to 76·6 per cent of the 1940-41 tonnage basis for new machines and 156 per cent for repair parts.

That takes care of what has happened in the volume of machines supplied under wartime restrictions. As a necessary part of that restriction, rationing of farm machinery came into effect under Wartime Prices and Trade Board order No. 192, dated October 1, 1942, and effective October 6. To carry out the provisions of the rationing order, farm machinery rationing officers were established by the Wartime Prices and Trade Board at fourteen points across Canada. Towards the end of October, 1942, a co-operative arrangement was worked out in this connection whereby the Department of Agriculture suggested a panel of agricultural authorities who would be in a position to act as consultants to the farm machinery rationing officers at each of the fourteen rationing centres across the country. These two officials, appointed at each rationing centre, recommended a local farmer to serve as a third member of the rationing organization at that point; the three officials to form a board of appeal in the event that a farmer made application for a machine and his application was turned down by the farm machinery rationing officer. Under the arrangement he could appeal his case, and the decision would then be made by this board of appeal composed of the regional farm machinery rationing officer, the agricultural consultant and the local farmer. The only other change that has been made in the rationing requirements, apart from administrative detail, was an order of the board, order No. 271, dated April 27, 1943, and effective May 8, which withdrew sixteen items from rationing. These items were in the main smaller items such as hand equipment, pumps, churns, certain small sprayers, electric fence controllers, hay forks and brooders, relatively small equipment which it was felt could be moved into use without the necessity of having to ration the item. I think that gives you an outline of what has transpired since he beginning of restriction.

By Mr. Rickard:

Q. Is there a ceiling price on repair parts?—A. The price order of the administrator, Order A-8 under date of Feb. 4, 1942, permitted an increase in price on machines of 5 per cent for those firms which had not made an increase prior to the price regulations of the Wartime Prices and Trade Board coming into effect. I understand that price regulation related to all sales of farm equipment and repairs.

Mr. BLAIR: Mr. Armstrong, in the case of the adminstrator of farm machinery would there be any chance of having him adjust things so there would be uniformity of parts such as guards on mowers that fit in the mower, sickles that will fit, knives for mowers or binders and, for instance, teeth for sulky rakes or plowshares, tips for cultivators, and as to bolts on machinery that have a flat

round head have those heads flattened on two sides so they would turn when you go to take the nut off, and teeth for harrows? If there was some uniformity I think farmers' repairs could be obtained from the fence corners of their own homes. We should be able to obtain teeth for a sulky rake off the old sulky rakes that are set aside. Would this administrator have any influence in controlling those things, or would you accept a recommendation from us that we would desire that from a farmer's standpoint?

The CHAIRMAN: Just a minute; what Dr. Blair has mentioned here, of course, is a very important matter in the general picture so far as farm implements are concerned. I doubt very much if it comes within the scope of what we are discussing here, namely the policy with respect to rationing certain farm equipment. I think everyone would agree that the standardization of farm implements so far as that is possible is a desirable end towards which to work, but it hardly has any connection with the rationing of farm equipment, if you understand what I mean.

Mr. BLAIR: I understand.

The CHAIRMAN: I do not want to head off any discussion with respect to it.

Mr. BLAIR: I understand perfectly, Mr. Chairman, but still it comes under that clause. I imagine that repairs could be made from old machinery with very slight adjustment oft times. These guards are made so that you cannot use them from one manufacturer to the other. It is for the purpose of the sale of repairs. Some adjustment in your administration could rectify those things, and our repairs would be available to us.

Mr. DONNELLY: You should take that up with the machine companies and get them all to manufacture the same machines.

Mr. BLAIR: I am talking to the Administrator of Farm Implements.

By the Chairman:

Q. Mr. Armstrong, did you have any difficulty or any experience particularly with respect to such items as dairy utensils and things of that character about which we have heard a great deal of discussion at different times? What did you find in connection with items of that character in any survey you may have made?—A. During the year just passed the supply of milk and cream shipping cans was very short and the rate of production for those cans could not be stepped up to meet the requirements due to the difficulties of procuring material. I have not the figures right at hand but the final situation as at the close of last year was that a fairly large proportion of the quotas set had been made available to farmers. Late last year an Administrator for metal containers was appointed under the Wartime Prices and Trade Board and the supply of shipping cans has been administered by this official of the Wartime Prices and Trade Board since then. The situation for 1943 is that of the quota considered necessary to give the farmers sufficient shipping cans, at the end of April approximately 80 per cent of the quota for the year had been fabricated and moved into the trade.

Mr. DONNELLY: Our difficulty is to get a quota at all. We have not been in the mixed farming business at all and starting in it, having been advised to do so, we have great difficulty in getting half what we need let alone all we need.

The WITNESS: That, Mr. Chairman, is a matter of policy on the part of the Wartime Prices and Trade Board.

By Mr. Cruickshank:

Q. In the paper the other day it said there had been a train wreck and six flax pullers had been destroyed or badly damaged in Quebec while in shipment to British Columbia. Will they be replaced?—A. What are they?

Q. According to the press it said in a train wreck somewhere in Quebec, I believe it was, six flax pullers, which was the quota for British Columbia, had been badly damaged. Will they be replaced?—A. I cannot speak of that particular case but the quota would still be outstanding for British Columbia if they had not received the goods. If materials are available to replace them I would expect it.

Q. Maybe this is not your branch. I do not know whether it is or not, but if it is your branch as I understand it there are so many pullers allotted for Canada and then they are quotaed off to the respective districts. It said in the press report they had been returned to the factory for repairs. Suppose they cannot be repaired in time; does that mean the province would have to do without any pullers at all?—A. I do not think so in that case. I think the situation with respect to pullers available will take care of that.

Q. That is what I am getting at. There would be a re-arrangement if they are not available?—A. Yes.

The CHAIRMAN: I think perhaps if you get in touch with Mr. Nelson Young he could give you definite information with respect to the case you have in mind.

By Mr. Senn:

Q. Mr. Armstrong, have you experienced any greater difficulty in obtaining spare parts for imported machines than for Canadian machines?—A. That is largely an administrative problem or administrative detail. I would say that on certain things there has been a little difficulty on imported parts, but I do not think there has been very much difference in the availability of Canadian as compared with American parts because the implement firms on both sides of the border are operating on the same basis with regard to priority for their material.

By Mr. Ward:

Q. Do we import much by way of farm machinery?—A. Yes, for every ton of material used in the fabrication of farm implements in this country we require an equivalent amount by way of imported material, and imported finished machines.

Q. Are you speaking of raw materials or finished?—A. A combination of raw material and imported machines.

By Mr. Senn:

Q. You could not give us an estimate of the percentage of imported American farm machinery used in Canada compared to Canadian farm machinery used in Canada?—A. I cannot answer that. I have not that information.

By Mr. Wright:

Q. Mr. Armstrong, there was a situation arose in the west last year in certain parts and again this spring. I do not know whether you can throw any light on it or not. In northern Saskatchewan last fall there was a shortage of combines and according to reports there was an additional allotment of some thirty combines to a certain company in northern Saskatchewan with headquarters at Saskatoon. These machines were bought by the farmers. Some of them gave their orders and paid for them and they waited one week, two weeks, three weeks, four weeks. They kept wiring Toronto. I know from our own point there were wires went to Toronto and to Saskatoon. Finally the information that we got was that the material necessary for the making of these particular combines had all been released by the people for the making of them, and the combines were all made with the exception of one small part. Apparently the material for this small part, which was a comparatively small part in comparison to the whole machine, had not been released. As a result of that these machines were not delivered until this spring.

Last fall in November I ordered a seed drill through the regular channels. I put in an application for it and I thought I would have some answer with respect to it as to whether my application would be accepted or not. I did not get an acceptance of that application until I went home at the Easter recess in April some time. Then instead of the drill being delivered we were told—there were others besides myself—that the drill was all there but the discs. Apparently the people who had charge of the releasing of the material for the discs had not released it and as a result we did not get those drills in that particular part of the province until either the fifth or seventh of May when quite a large percentage of the seeding had been done. Have you any knowledge of any difficulty with respect to certain materials not being released while a large percentage of the material is there and already made up and standing idle for the sake of just a small part?—A. Yes, there were a number of cases of that nature last year. As I understand it the material was scheduled but it could not be fabricated or moved along fast enough to meet the manufacturer's program of production. Therefore they got behind on a few parts which prevented the machine from going into operation. That difficulty cannot be foreseen when you lay out the schedules for the material and arrangements are made for the material to be brought forward at certain times. Unforeseen happenings in the plants producing the materials slow down schedules.

Q. If plans were made just a little further ahead I think something could be done to relieve that situation.—A. I think there has been an improvement in that in the past year because the procurement of materials has been changed over from a straight priority basis, a system under which other agencies than farm implement manufacturers were competing for the available supply on the basis of priority. Under the present plan the manufacturers are operating on an allocation of materials and they have a specific quantity of particular materials allocated to them. In other words, the allocations do not exceed or are not supposed to exceed the total amount of material available, therefore it is expected that the material will come through on schedule.

Q. There certainly was room for improvement on last year. And another matter with respect to repairs; this spring I know the papers were asking the farmers to get their machinery repaired in time, to get their haying machines repaired, to get their harvesters repaired and all their machinery in shape before it came time to use it, and yet in western Canada the repairs for haying machinery had not been released up to Easter when I was home and they did not expect they would be released for probably another month or so. Now it seems to me that they are running you pretty close to the time when the machinery is needed before they are getting these repairs out to the dealers in the country where they can be used. I think there is room for improvement along that line in getting repairs out there two or three months before the season in which they are going to be used.—A. I think for the most part repairs for this year were scheduled considerably in advance of normal. As an example, last April repair parts for binders were going into western warehouses, and that is considerably in advance of normal, in order to meet the situation you have outlined.

By Mr. Evans:

Q. Do you have anything to do with the binder canvas situation?—A. That is taken care of in so far as the farm machinery administration is concerned under the quota available for repair parts.

Q. Has the quota been increased during the last year?—A. The quota this year will be 165 per cent of what it was in the base period.

By Mr. Perley:

Q. Can you give us anything about the imports of combines this year compared with 1940; and also, can you give us the number of new combines put out by Canadian firms?—A. No, I have not those figures.

By Mr. Wright:

Q. There is one other matter I should like to bring up relating to farm machinery repairs: in the northern part of Saskatchewan during the drought years a certain amount of old machinery was shipped up there to the new settlers and all these binders, mowers, rakes and other various types of equipment is all of the type that was turned out around 1920 and 1923 and 1924, and these people up there say that they are having great difficulty in getting repairs for these old machines dating back twenty years or more ago. Is any effort being made to see that repairs are available for these old machines in certain sections of the country to which they have been shipped.—A. I do not think I can answer that question.

Q. Then I wish you would bring it to the attention of the proper authority so that some arrangement can be made with regard to it because it is a serious proposition up there. I know last fall that a man up there who waited for three or four weeks at harvest time for spares and the result was that he could not get his crop in and it had to stay out all winter. I think some attention should be given to their needs.

Mr. DONNELLY: Is there not a law which requires machinery companies to maintain adequate supplies of repair parts?

Mr. WRIGHT: I was under the impression that there was such a law.

Mr. HENDERSON: But I do not think it applies to old outmoded machines.

Mr. WRIGHT: Ten years I believe is the length of time that they are required to carry a supply of repair parts.

Mr. DONNELLY: I think it is fifteen years.

By the Chairman:

Q. I think you stated that there were thirteen farm machinery rationing offices across Canada.—A. Fourteen.

Q. That would mean fourteen districts?—A. Yes.

Q. Is the quota then arranged on the basis of the machinery used during the base period in these different districts and then the allocation of the supply for last year and this year based on a particular district, or is some other policy followed?—A. Yes, the policy of the Wartime Prices and Trade Board is to base the quota for the rationed region upon the percentage of sales in previous years.

Mr. CRUICKSHANK: I did not quite get the answer to the question Dr. Donnelly asked; how do you arrive at the quota? Some districts may be going into a new line of farming as a direct response to the encouragement given by the government, say.

Mr. DONNELLY: They may be going into mixed farming, for example.

Mr. CRUICKSHANK: How are you going to get repair parts for people in sections of the country that are doing that?

The CHAIRMAN: That is the reason I asked the question I did; I was wondering if perhaps they were not holding too rigidly to that base period. It does not work out very satisfactorily when you have a changing scene of program of production and everything else.

Mr. CRUICKSHANK: Yes. How will you arrive at that?

By Mr. Rickard:

Q. Can you tell us where these ration offices are set up throughout the dominion?—A. You mean, can I tell you where they are?

Q. Yes; where they are set up and what percentage is allotted to each one?—A. Starting in the west, there is one in Vancouver, one in Edmonton, Calgary, Saskatoon, Regina, Winnipeg, London, Toronto, Ottawa, Montreal, Quebec, Saint John, Truro and Charlottetown.

By Mr. Cruickshank:

Q. Reverting back to the point I was just dealing with, how do you arrive at a quota for districts such as were mentioned by Dr. Donnelly, say a district that is starting in on some new line of activity?—A. The base quotas are arrived at on the basis of previous sales, but provision is made for appeal to the administrator with respect to the requirements in any portion of the country.

Q. Irrespective of what they are doing for instance, if they had no base period before because they are just starting out new?—A. Provisions is available for an appeal on that basis.

By Mr. Ross (Souris):

Q. What is the base period?—A. The base period is the previous five years' sales.

Q. I think you said that they are comprised of three members, is that so? —A. Yes, at each rationing point.

Q. And if I remember correctly you stated that there were two appointed and then a third, a farmer. Is that correct?—A. Yes.

Q. Who appoints that farmer?—A. The Wartime Prices and Trade Board.

Q. On the advice of whom?—A. The local farm machinery rationing officer and the consultant, who are asked to suggest a local farmer to act.

Q. In other words, the farmers are not consulted as to who their representative is going to be. That is, the agriculturist is not consulted as to who is to be his representative?—A. Yes.

Q. Who do they consult, just the department of Agriculture, or who?— A. In British Columbia the consultant is Professor Moe of the University of British Columbia.

Q. And he would advise you on the farm member, would he?—A. The consultant and the local rationing officer were asked to suggest a local farmer who might be in a position to act as the third member.

The CHAIRMAN: I might say in that same regard, just to put the committee forward by way of explanation, that I recall in the province of Manitoba the consultant is the professor of Agricultural Engineering at the University of Manitoba, and there is one other farmer named but I do not know what his name is, and they consult him on anything of that kind. I imagine it is done in consultation with the Department of Agriculture.

Mr. CRUICKSHANK: I just wanted to know who did it.

Mr. Ross *(Souris)*: Are these quotas fairly rigid?

The WITNESS: No, they are all subject to appeal.

By Mr. Ross (Souris):

Q. For instance suppose a man has had a series of poor crops and comes along into a period of pretty good years with heavy crops with the result that there is quite a demand for new machinery—what do you do to meet a case of that kind?—A. The quota for Manitoba is under the Winnipeg office and that includes all Manitoba it is not laid down to a small rationing district, the districts are all quite large.

Q. Well, how is it rationed for certain districts, does it not vary a great deal due to local conditions?—A. I could not answer that, I could not give you the exact quotas by districts.

Q. I understand that it has been rather rigid and rather unfair to certain districts in that respect alone.—A. I do know that a great number of appeals have been made in respect to situations such as you have outlined, and any possible action that could be taken has been taken to relieve the situation.

The CHAIRMAN: Order, gentlemen; two or three are talking at once. And Mr. Evans has a question he wants to ask, then Mr. Leger.

Mr. MACDIARMID: Oh, I come from the east; I do not have a chance to ask questions.

An hon. MEMBER: Who howled you down?

The CHAIRMAN: Order, gentlemen, please.

Mr. EVANS: I have asked Mr. Armstrong to give us the names of the boards at Saskatoon and Regina.

The WITNESS: The farm machinery rationing officer at Saskatoon is Mr. R. H. Potter, and the agritcultural consultant is Professor E. A. Hardy of the University of Saskatchewan. The farmers' representative is Mr. W. M. Brooke. The Regina rationing officer is Mr. C. W. Martin, the agricultural consultant is Mr. L. B. Thompson and the farmers' representative is Mr. C. O. Smith.

The CHAIRMAN: Now, Mr. Leger.

By Mr. Leger:

Q. Could you tell the committee why the rationing board was transferred from Moncton to Saint John in New Brunswick?—A. I could not answer that question.

Q. Would you give us the names of the men composing the Saint John board?—A. Yes, they are Mr. K. Jewett, the agricultural consultant is Mr. C. F. Bailey, superintendent of the dominion experimental station and the farmer member is Dr. L. A. Donovan.

By Mr. Douglas (Queens):

Q. Could you give us the names of the boards at Montreal and Quebec City?—A. The Montreal rationing officer is Mr. E. B. Hyndman, the agricultural consultant is Professor L. G. Heimpel, of Macdonald College, and the farmer representative is Mr. H. C. Bois.

Q. I asked you for Quebec City too.—A. The rationing officer is Mr. Alphonse Blouin, the agricultural consultant, Mr. Andre Auger.

The CHAIRMAN: Somebody asked for Toronto, Ontario?

The WITNESS: Toronto—Mr. R. M. Knox is the rationing officer; the agricultural consultant, Mr. J. A. Carrol, of the provincial Department of Agriculture.

The CHAIRMAN: Do you know the name of the farmer member?

The WITNESS: Mr. Young is the farmer representative.

By Mr. Rickard:

Q. Is he in the district near Toronto; where is he situated; where does he live?—A. The farmer?

Q. Yes.—A. His address is given as Milliken.

The CHAIRMAN: Somebody has asked with respect to Manitoba.

Mr. ROSS *(Souris):* The board of Manitoba.

The WITNESS: The board in Manitoba, R. C. Trimble, rationing officer; Professor L. G. Shanks, the agricultural consultant; Mr. A. T. Rice, the farmers' representative.

By Mr. Fair:

Q. Could we have the Edmonton and Calgary representatives in order?—A. W. C. Trimble, rationing officer; Professor J. MacGregor Smith, agricultural consultant, and James Paul, farmer member. Calgary: Mr. R. G. Smith, and Dr. W. H. Fairfield, Dominion Experimental Station, Lethbridge; the farmer member is Mr. H. P. Wright of Airdrie.

The CHAIRMAN: Dr. MacDiarmid, you had a remark to make.

By Mr. MacDiarmid:

Q. Are electric pumps in your category, electric pumps for farm milking; pumps used on the farm for pumping and milking?—A. Yes, electric pumps.

Q. I have a farmer down here who wrote to me—in fact, came to see me along with his wife. They have no help. They have about fifteen cows. They made application to the Wartime Prices and Trade Board for permission to get a pump. They can get the pump if they can get a permit. They were told the pump was not necessary. Anyone who knows anything about a farm in eastern Ontario knows that it consists of mixed farming and dairying, and he also knows that one man cannot handle 100 acres. This electric pump is very necessary. These people have gone to the Wartime Prices and Trade Board and have been told it is not necessary. They cannot get any hired help. The six men who came from the west came down to Alexandria the other day, but they do not know how to milk. This pump would be of great service to them, but they are not allowed to get it. What I should like to know is what is the idea of you people in the Wartime Prices and Trade Board saying who gets a pump and who does not? This pump is going to be used by this farmer for the milking of his cows; yet he is told it is not necessary. I should like to have some comment on that situation.—A. The farmer's position is he may appeal his case. It will then come before the board of appeal composed of the rationing officer, consultant and local farmer—was the case appealed?

Q. He appealed this week. It seems ridiculous to me, when help is so short, for the Wartime Prices and Trade Board to say, "You are not to get that pump because we do not think it is necessary; you can dig in and milk ten or fifteen cows alone."—A. The situation is, sir, that the number of pumps available may not be sufficient to cover—

Q. We can get the pump easy enough if we can get a permit. The company said, "We have all kinds of pumps, you get a permit." They are available. The company told him that. They said, "You can get the pump if you get a permit"; so that argument does not go.

Mr. CRUICKSHANK: I had exactly the same thing happen in my riding. The case to which I have reference is along the same line; a pump was found but a permit could not be obtained.

Mr. MACDIARMID: I had the same thing happen with regard to roofing.

By Mr. MacDiarmid:

Q. You do not handle roofing?—A. No.

Q. They can get the roofing but they cannot get a permit.

By Mr. Rickard:

Q. In regard to these pumps, is it necessary on your priority rating to get a permit?—A. For electric pumps, yes; it is not a priority rating, it is a permit. The pumps removed from rationing were wood well-pumps and pump jacks.

By Mr. Cruickshank:

Q. From whom do you get the permit?—A. From the rationing officer of the Wartime Prices and Trade Board.

Q. If I may interrupt one moment, that just proves what we have been asking for for three weeks. Will we get these Wartime Prices and Trade Board officials here so that we can ask them about these things?

The CHAIRMAN: I am sure the Wartime Prices and Trade Board will know all about this discussion.

Mr. CRUICKSHANK: Will we get these officials here so that we can ask them?

The CHAIRMAN: For the time being I hope we will continue our discussion with Mr. Armstrong. We can come to your point later.

Mr. MACDIARMID: They are available.

The CHAIRMAN: Mr. Armstrong has not even had the opportunity to explain the situation with respect to electric pumps. Perhaps he could be allowed to do so now. Would that be satisfactory?

Mr. MACDIARMID: If you think so.

The WITNESS: The 1943 quota for domestic water pressure systems is 50 per cent of 1940 for the east, and that means that the available supply of pumps under that small quota will be distributed as equitably as possible by the manufacturer under the direction of the administrator. The farm machine rationing officer has the information as to how many electric pumps have been allocated to his territory. He is advised of the date on which he will begin processing applications for electric pumps and he has to balance the number of applications for pumps against the available supply. If the applications exceed the supply the applications are gone over to try and determine in the fairest possible manner the cases which seem to be the most urgent to which to allot the available supply.

By Mr. MacDiarmid:

Q. They have the pumps, they are available. They say, "You can get a pump any time if you will get a permit."—A. I would suggest, Mr. Chairman, that the case might be referred directly to the administrator.

By the Chairman:

Q. I presume the local rationing officer has due regard for the general requirements of his entire district and in dealing with each individual case I presume he takes that into consideration. The application in this instance, I would think, would go to the rationing officer and would be relayed from there by way of appeal to the appeal board as well. Now, apparently the decision has been to decline to issue the permit. I think perhaps it would be quite proper for the case to be proceeded with further and the situation reviewed again.

Mr. SOPER: I think I had better come to the defence of the Wartime Prices and Trade Board because I had a case like this not long ago where a man had bought a milking machine from the De Laval Company and they had fed him for two months with the excuse they could not get a permit from the Wartime Prices and Trade Board. I went to the Wartime Prices and Trade Board and they searched the records and the De Laval people had never asked for a milking machine for these people. They told me there they always dealt with these requests within twenty-four hours because they knew how urgent it was to have farm equipment. I wrote back and told the man that and he went to the De Laval people and put it up to them and they admitted they never had asked for a permit because they were short of the machinery themselves. Within one week after that they installed a second-hand machine to do the work. They were pasing the buck to the Wartime Prices and Trade Board instead of shouldering it themselves.

The CHAIRMAN: I am sure Mr. Gordon will be glad to hear these remarks.

By Mr. Leclerc:

Q. Are the rations the same in all the provinces?—A. Yes; the quotas available are for Canada as a whole except this, in 1943 the country was divided into western Canada and eastern Canada and B.C., in order to arrive at the quotas, because the type of machinery involved differs quite considerably on many items, but apart from that break-down of the west, and the east and B.C. within these areas the quotas are uniform.

By Mr. Cardiff:

Q. Do milking machines and the quotas come under your control?—A. No, under the control of the administrator, I am simply the representative of the Department of Agriculture.

Q. I understand that the quota of milking machines is limited to the number sold in 1941, that was for 1942. The Minister of Agriculture the other day told us it had been stepped up some. Can you tell us how much it has been stepped up in 1943?—A. Yes, milking machines; the quota for milking machines is 200 per cent of 1940.

By the Chairman:

Q. Of 1940?—A. Of 1940.

By Mr. Cardiff:

Q. What was it last year; is that this year?—A. That is for 1943. You want it for 1942?

Q. What was it in 1942?—A. The same.

Q. Mr. Gardiner said it had been increased.

By Mr. Lafontaine:

Q. Have you 1941?

By the Chairman:

Q. Have you got the quota figures there for 1941?—A. The equipment was not under quota at that time. The opening period for restriction order R-1 was November 1, 1941.

By Mr. Cardiff:

Q. This probably is not the place to discuss it, but I feel certain the department was well advised when it stepped up the quota on milking machines in 1943 because before this year is out I am afraid the quota on cheese will go down considerably due to the fact that rather a lot of farmers cannot get help and will be forced either to buy milking machines or go out of business. A lot of them are going out of herds entirely because they cannot carry on.—A. Wherever it has been found possible to procure additional material the manufacturer is at liberty to appeal to the administrator for an increase in quota, if he is able to find material, and I believe the milking machines are a case in point where recent appeals have been made since that quota was established.

By Mr. Fair:

Q. I wonder if Mr. Armstrong can tell us the situation with regard to metal roofing. I was talking to a farmer recently, not very far from the city here, and he told me he had a shingle roof on his barn at the present time which is leaking badly. He is prepared to put a metal roof on provided he can get the permit.

The metal is available but the permit is not. What would be the proper action to take in order to secure that roofing? His barn, as I understand it, is leaking badly. He has a herd of dairy cows in the barn and the situation is not very healthy.—A. Did I understand you to say that the metal is available?

Q. Yes.—A. Order No. 12 of the Controller of Construction limits the use of galvanized iron for farm buildings to the repair of buildings with an existing metal roof, and I believe the quantity permitted shall not exceed 20 per cent.

Mr. SOPER: He can buy up to 5 square.

The WITNESS: I think the figure is 20 per cent of the total roof.

By Mr. Rickard:

Q. Would that be limited to metal roof replacements, the replacement of a metal roof or replacement of any roof?—A. The repair of an existing metal roof. That applies to an existing roof. I have had experience in that regard with my barn and my shed. I have a shed about 50 feet long which has a shingled roof, and we have ordered a steel roof and the agent said we could get the steel roof if it was for a repair job but not for a new building. If I got that what position would I be in?

Mr. FAIR: Take the position that this man is in. He has an old barn and the present shingles are deteriorating and he wants to put a metal roof on instead of a shingled roof.

The CHAIRMAN: Apparently that comes under the Construction Controller's branch and he would apply there for his permit to do this.

The WITNESS: The order restricting this is order No. 12 of the Controller of Construction.

Mr. RICKARD: As I understand it, if a company who sells this material have it in stock you can get a permit, as long as the company is within its quota. Say they sell so much every three months and then they wait until their new quota comes on.

By the Chairman:

Q. Mr. Armstrong, have you given any consideration to the question of binder twine requirements?—A. Yes, we have been in consultation with the officials of the Controller of Supplies' office with respect to binder twine supplies.

Q. Can you give us any advice with respect to what the situation is likely to be this summer with respect to binder twine and if steps have been taken to see that an adequate supply is made available?—A. I do not know, Mr. Chairman, whether the figures are public information or not.

Q. The matter has been taken up and looked into, has it?—A. The matter has been taken up and looked into, and an adequate supply for a normal crop is, I understand, assured.

Mr. FAIR: Mr. Chairman, I have been wondering whether the twine which is at present being manufactured—the 500-foot twine will run uniform in strength and weight as our old 550- and 600-foot twine used to run, or whether it will be that knotty stuff. If that is the quality they are putting out of the 500-foot stuff now I think people can look forward to endless trouble with knots. I wonder what the quality of uniformity of that twine will be?

The WITNESS: I am sorry, I cannot answer that.

Mr. RENNIE: Does the question of township road machinery come under your jurisdiction?

The WITNESS: Road machinery is under the Administrator for Farm Equipment.

The CHAIRMAN: The same branch as agricultural equipment.

Mr. MacDiarmid: Has your department anything to say about who gets the roofing? Suppose a man gets burned out, has he a chance to get a roof?

The Witness: That is handled by the Controller of Construction.

Mr. MacDiarmid: If this man can get the permit he can get the roofing. He knows a retailer who has the roofing in stock. Has that anything to do with it? He has not got to go to the manufacturer; there are some people who have roofing in stock and they are retailers, and he can get it if he gets the permit.

The Witness: I cannot answer that. I cannot give you the details of the controller's order. I can simply give you the number.

Mr. MacDiarmid: They tell me that they can get the roofing from the dealer if they can get a permit.

The Chairman: Dr. MacDiarmid, that matter comes under the Controller of Construction rather than the Administrator for Farm Machinery.

By the Chairman:

Q. Mr. Armstrong, what about the matter of iron pump repairs and things of that character which are very often required on very short notice?—A. An arrangement was worked out with respect to securing replacements of that kind, where a man had a pump frozen and needed a replacement for a pump that was unrepairable, whereby he could appeal to the local rationing officer by wire or by telephone or in any other rapid way and later submit his application for a pump.

Q. I am pointing this out to you, Mr. Armstrong, in the record and I am doing so because I think it should be brought to the attention of the farm machinery administrator. Many of us know the condition where an accident or something of that kind might happen to a stock pump out in the country where the man is some distance even from a town and he has no water for his stock even for that day, which he must have. Now, if he has got to take time to have someone send to Regina or Calgary or Winnipeg to the rationing office to get permission to purchase the repairs for a pump, it seems to me to be going around a little too far?—A. Pardon me, repairs are not rationed; you do not require a permit to purchase repairs.

Q. In the case of a pump?—A. In the case of a new iron pump a permit is required.

Q. You might have a pump that would break down so that it could not be repaired some morning when you got up.—A. Arrangements have been made whereby you can telephone or telegraph the local rationing office and procure a permit, subject to completing the necessary application form.

Mr. Rickard: What is the address of the rationing officer in Toronto and what is his name?

The Chairman: His name has already been put on the record.

The Witness: R. M. Knox, 408 Northern Ontario Building, 330 Bay street, Toronto.

Mr. Fair: Have you got the address of the construction controller here in Ottawa?

The Witness: Department of Munitions and Supply, building No. 3.

The Chairman: Are there any further questions?

Now, gentlemen, Dr. Swaine was expected here this afternoon but I find that we got our wires crossed somewhat and he is out of town, so we will have to make provision for hearing Dr. Swaine at another meeting. I think, perhaps, he will be back in the morning—I cannot say definitely—but probably you would like to leave it to me to arrange for Dr. Swaine's appearance, if that will meet the situation. Dr. Swaine is the Director of Science Services of the Department of Agriculture.

If there are no further questions which you wish to ask Mr. Armstrong, may I say that we are very grateful to him for his attendance here to-day. I think the committee has secured a great deal of valuable information, and I hope he will see to it that the observations made by the various members will be passed on to Mr. Bloom who is in charge of this matter for the Wartime Prices and Trade Board.

Mr. CRUICKSHANK: Mr. Chairman, when could we have Mr. Nadeau of the Wartime Prices and Trade Board before us? Have I got to move that he be requested to come? Is there any particular reason why we cannot have some official of the Wartime Prices and Trade Board here?

The CHAIRMAN: That is a matter for the committee to decide. I simply point out that the order of reference is specific as to what the committee shall go into. When that was done then the committee was to consider what further representations it was to hear. We still have one or two witnesses to hear in connection with our present reference, and I should say that when that time is reached we would call the steering committee together to determine the course of our future program. We have not had anyone as yet from the National Research Council. I do not know what the committee's wishes will be with respect to calling people from the National Research Council, but until those people are heard I had not thought of giving consideration to calling representatives from the Wartime Prices and Trade Board. Personally, I think that matter should be left until this order of reference is completed.

Mr. CRUICKSHANK: Speaking personally, and that is the only way I can speak, in so far as our province is concerned we think the most valuable information we can obtain at the present time will be from the Wartime Prices and Trade Board. Right to-day, for example we have the agricultural committee sitting while the Minister of Agriculture's estimates are before the house.

The CHAIRMAN: No, sir. The Minister of Agriculture completed his estimates before this committee sat this afternoon.

Mr. CRUICKSHANK: I stand corrected. I was not sure when they were completed.

The CHAIRMAN: Matters pertaining to the Wartime Prices and Trade Board with regard to the things we have been discussing have been pretty well discussed in the house.

Mr. CRUICKSHANK: That is your opinion, Mr. Chairman; it is not mine; and with all due deference to the steering committee—

The CHAIRMAN: May I say that the steering committee has not considered the matter yet, so do not blame them.

Mr. CRUICKSHANK: Apparently, they have not considered it; but the information given to me was that the original motion which carried unanimously gave us the right to call these people and that was not presented, and for some reason or other that has not been explained. My understanding was—whether correctly given to me or not by members of this committee—that we would have the right to call members of the Wartime Prices and Trade Board before us. For some reason which I cannot understand but can only imagine, the only opportunity we will get to call the Wartime Prices and Trade Board will be about the time that the house rises and we will have no committee. Now, I cannot see why we cannot do this. If we have to get an order of reference to do it, very well. Let us have four sittings and get these men through, but let us be fair about the matter. I am expressing my own opinion—I am not suggesting that I have been howled down—I have always had a fair and attentive hearing—

The CHAIRMAN: Did you say you had been howled down?

Mr. CRUICKSHANK: No, I said I had not, and I should like to see somebody howl me down. I an entitled to express my opinion, and it is my opinion that for some reason or other we are being blocked—I do not know by whom—in getting the Wartime Prices and Trade Board before us. If the only way I can get that information is by other means I will probably be criticized on the floor of the house for tying up Mr. Ilsley's estimates. I can take the matter up on Mr. Ilsley's estimates, and I will be told that I am tying up his estimates in the house.

The CHAIRMAN: Mr. Cruickshank, I have pointed out that the order of reference has dealt with the matters that we have had before this committee and that the present order of reference before the committee is not yet completed. When it is completed it will be the duty of the steering committee to make recommendations to this committee as to future proceedings. That is the position that I think is a reasonable one to take. But as I say, we still have witnesses to call before this committee, and when their evidence is completed we can decide what the future course of the committee will be.

Mr. CRUICKSHANK: That will be after the house has risen.

Mr. RICKARD: There are only two more witnesses, are there?

The CHAIRMAN: Unless we call someone from the National Research Council.

Mr. LEGER: I move that the committee adjourn to the call of the chair.

SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS

Including Third and Fourth Reports

No. 16

FRIDAY, JULY 16, 1943

MONDAY, JULY 19, 1943

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

REPORTS TO THE HOUSE

THIRD REPORT

TUESDAY, July 20, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its third report:

The Committee held five meetings and reviewed the reports and the accounts of the Canadian Wheat Board for the crop year 1941-42, as well as reviewing the policies in effect since the passing of Orders in Council 1800, 1801, 1802 and 1803.

The Committee had before it as witnesses:—

Mr. Geo. H. McIvor, Chief Commissioner,

Mr. R. Finlay, Controller, and

Mr. C. B. Davidson, Statistician.

The Committee commends the Officers of the Canadian Wheat Board for the comprehensive, detailed and lucid manner of presenting the reports and the accounts.

The Committee was also gratified to learn that two particular recommendations of last year's Report had been substantially carried into effect. In this regard the Committee urges that continued efforts be made by the officers of the Canadian Wheat Board towards securing a further reduction in grain handling and storage charges.

The Committee commends the action taken whereby men joining the Armed Services were permitted to deliver the full amount of their share of any grain they might have an interest in and recommends that this policy be extended to include marketings of the 1943-44 crop.

The Committee is of the opinion that the policy with respect to the marketing of flax should be further reviewed by the Government.

In view of the abnormal transportation and grain storage conditions the Committee urges that consideration be given to the advisability of paying farm storage.

The Committee recommends:—

1. That the Wheat Board further consider the policy of allocating cars to elevator points for the movement of producers' grain;
2. The Committee urges that a close check be maintained on the spread between the ceiling price of feed grains and the price paid by livestock feeders in Eastern Canada and British Columbia;
3. That the Government consider the advisability of authorizing the Canadian Wheat Board to take control of the handling and marketing of oats and barley on a pooling basis, according to grade;
4. That the practice of referring the Annual Report of the Canadian Wheat Board to a Committee of the House be continued.

A copy of the evidence taken by the Committee is annexed hereto.

All of which is respectfully submitted.

W. G. WEIR,

Chairman.

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Fourth Report

Tuesday, July 20, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its fourth report:

The Order of Reference directed to the Committee was in the following terms:

That the Committee be authorized to review:—

1. The Wartime Marketing policies administered by the Department of Agriculture with respect to

(*a*) The Agricultural Supplies Board
(*b*) The Special Products Marketing Board
(*c*) The Dairy Products Board
(*d*) The Meat Board

2. The agricultural research activities of the Department of Agriculture and of other government agencies.

3. The administration of farm equipment rationing.

The Committee called before it officials responsible for administering the various wartime production and marketing Boards established in the Department of Agriculture.

Each official outlined the policy followed with respect to the particular Board for which he was responsible. Through questioning much valuable information was secured regarding the details of policies being pursued.

At the outbreak of war, most agricultural products in Canada were on a surplus production basis. It was not until the latter part of 1942 that definite production goals could be set. To date Canada has filled all undertakings to supply agreed upon amounts of food products to the United Kingdom.

However, with additional demands of our own Armed Forces, ships' stores, the requirements of American people in Canada and Alaska, the supplying of people of Newfoundland and the possible requirements of occupied countries, together with the added demands of the Canadian people, the food production resources of Canada are likely to be severely taxed.

The Committee therefore believes that additional encouragement should be given to the production of essential foods in Canada.

Of particular interest has been the steps taken in developing a standardized curing and grading system to maintain the quality of Canadian pork products shipped to the United Kingdom.

Of even greater recent importance has been the development in methods of storing, canning and dehydrating potatoes, vegetables, fruits, eggs and milk. The conservation of storage and shipping space resulting from these developments is of particular importance in supplying concentrated food products to Great Britain, the Allied countries and our own Armed Forces. These developments will, it is believed, have an important bearing on the utilization of many perishable and semi-perishable farm products following the close of hostilities.

The Committee views with satisfaction the steps taken by the Department to assure an adequate supply of certain essential agricultural products, the supply of which had been materially affected since the outbreak of war, the items most affected being garden seeds, pesticidies, fungicides, and oil and fibre producing crops.

The Committee also reviewed the policy of paying Freight Assistance on feed grains shipped to Eastern Canada and British Columbia, as well as the subsidy paid on feed wheat and the Freight Assistance on fertilizer shipped to Eastern Canada. It is felt that this assistance should be continued as a means of securing increased live-stock production.

The Committee reviewed the policy of rationing agricultural machinery and the steps taken through the Department of Agriculture towards the securing of an adequate supply of farm equipment.

With respect to the marketing of farm products reviewed, the Committee begs to recommend:—

1. That in paying bonuses or fixing prices for agricultural products, more consideration should be given to the cost of production;

2. (*a*) That the Meat Board should be prepared to take any precaution necessary to assure that the price of live cattle shall be kept in the proper relationship to beef carcass floor prices and that an endeavour be made to maintain a proper relationship between hog prices to the producer and the price of pork products realized by the processor;

   (*b*) That with a view to maintaining a high reputation for Canadian bacon after the war, the Department should continue to control the quality of pork products exported from Canada;

3. That licensed Egg Grading stations should be obliged to publish their Egg Grading records;

4. That consideration be given to the sale of eggs by weight rather than by the dozen;

5. That consideration be given to paying a bonus on marketed dairy butter;

6. That as an incentive to increased milk production consideration be given to the payment of a subsidy on evaporated milk during the summer months;

7. That as a means of assisting in relieving the grain storage facilities of Western Canada, steps should be immediately undertaken to move as much feed grain as possible to Eastern Canada;

8. That with the necessity of continued rationing of farm equipment efforts should be made towards the standardization of staple agricultural machinery and repairs, and that priorities for essential farm equipment be increased;

9. That in the appointment of Marketing Boards, consideration be given to adequate producer representation.

The Committee also reviewed the scientific work undertaken by the Department of Agriculture through the Dominion Experimental Farm System and the Science Service Branch of the Department. The possibilities of developments in this regard, both from the point of view of producing new varieties and the utilization of farm products for other purposes, opens possibilities deserving of greater exploration.

The Committee is of the opinion that greater publicity should be given to the scientific and experimental developments carried on by the Department of Agriculture, and that where work of this character is undertaken in the interest of agriculture, credit for such developments should be given to the Agricultural Research people as a means of further encouraging this type of work, and also of acquainting the public with what is actually being accomplished.

Having regard to the importance of research, both in the production of new types of crops and in the finding of new uses for agricultural products, as well as the valuable work under way, particularly since the outbreak of war, with respect to dehydration, storing and preserving of semi-perishable and perishable farm products, the Committee urges that this type of research be continued.

The Committee found that the officials appearing before it were highly competent and thoroughly familiar with the particular duties they were called upon to perform. The Committee wishes to express its appreciation to the officials for the courteous manner in which they provided information to the Committee.

A copy of the evidence taken by your Committee is annexed hereto.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, July 16, 1943.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock, a.m., the Chairman Mr. Weir, presiding.

Members present: Messrs. Blair, Clark, Cloutier, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Fontaine, Furniss, Golding, Lafontaine, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), Matthews, Nielson (Mrs.), Perley, Quelch, Rennie, Rheaume, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Ward, Weir, Wright.

On behalf of the steering committee, the Chairman presented the following Report:—

Your Steering Committee met and gave consideration to the matter of further meetings of the Committee with respect to the Order of Reference directed to it from the House of Commons.

The review contemplated by the Order of Reference has been completed except for the calling of representatives of the National Research Council and one representative of the Science Service Division of the Department of Agriculture.

In view of the discussion in the House of Commons with respect to the production of synthetic rubber it is doubtful if much additional information in this regard could be secured from officials of the National Research Council.

On the question of calling representatives of the Wartime Prices and Trade Board it is pointed out,

1. That the Order of Reference does not give authority to do so, and
2. That the amendment of Mr. Diefenbaker to the Steering Committee's report on Monday, June 10th, might technically preclude the Committee from doing so, and
3. The Minister of Finance in the House of Commons has dealt with practically every question raised in this Committee, so far as the policies of the Wartime Prices and Trade Board are concerned.

In view of the lateness of the Session, the Steering Committee therefore recommends that no further witnesses be called and that the Committee proceed to the consideration of a report on the two Orders of Reference directed to it.

And further, that a Minute be recorded recommending that early in the next Session of Parliament a similar Reference be directed to the Committee.

Mr. Golding moved that the Steering Committee's Report be approved.

Mr. Cruickshank stated that in his opinion a representative of the Wartime Prices and Trade Board should have been called and requested that his protest on this point be recorded.

After further discussion Mr. Golding's motion was carried (on division).

The Committee then proceeded to consider a draft of its Third Report to the House.

Arising out of discussion initiated by Mr. Perley, Mr. Ross (*Souris*) moved that the said draft report be amended by adding thereto the following recommendation:

"The Committee recommends that further consideration be given to improving the allocation of cars for the movement of producers' grain."

Mr. Wright moved that the motion be amended by the addition of the following words: "so as to give the producers the right to use the facilities of their choice."

Amendment negatived.

The question being then put on the main motion, it was adopted after the wording had been amended to read as follows:

"The Committee recommends that the Wheat Board further consider the policy of allocating cars to elevator points for the movement of producers' grain."

Mr. Perley moved that the draft report be further amended by adding the following paragraph:

"The Committee suggests that the Wheat Board consider advancing to the producer two thirds of the value of the undelivered portion of the wheat quota on his farm."

Motion negatived on the following division: Yeas, 8; Nays, 15.

On motion of Mr. Cruickshank, the Committee adjourned until 3.00 o'clock this day.

AFTERNOON SESSION

The Committee met again at 3.00 p.m., Mr. Weir presiding.

Members present: Messrs. Authier, Blair, Cardiff, Clark, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Furniss, Golding, Lafontaine, Laflamme, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), Matthews, Perley, Rennie, Rheaume, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Ward, Weir.

The Committee resumed consideration of its Third Report to the House.

Mr. Perley moved that the draft report be amended by adding the following recommendation:

"This Committee recommends that the Government should authorize the Canadian Wheat Board to handle all oats and barley on a pooling basis according to grade, with initial price not less than the established ceiling price."

After discussion, and with the consent of the mover, the motion was amended to read as follows and adopted, viz.—

"The Committee recommends that the government consider the advisability of authorizing the Canadian Wheat Board to take control of the handling and marketing of oats and barley on a pooling basis, according to grade."

On motion of Mr. Evans,—

Resolved,—That the report be amended by adding the following recommendation: "That feed grain be delivered to Eastern Canada and British Columbia for feeding purposes at cost, plus a minimum of handling charges."

Mr. Perley moved that the Report be amended by adding the following:

"This Committee recommends that in view of the changed market conditions the Wheat Committee of the Cabinet should authorize the initial payment of wheat being increased to $1.10 a bushel basis No. 1 Northern at Fort William, instead of the present 90 cents paid by the Canadian Wheat Board, and that the Wheat Board Act should be amended to permit this higher payment, at the present session."

The Chairman ruled the motion out of order on the ground that it would impose a financial burden on the people and thus require Royal recommendation, and also that the price of wheat had not been referred to the Committee.

Mr. Evans moved that the report as amended, be adopted and that the Chairman present same to the House as the Committee's Third Report.

Motion carried.

The Committee proceeded to consider a draft of the Committee's Fourth Report.

Mr. Senn moved that recommendation No. 2 (*a*) be amended by adding the following words: "and that an endeavour be made to maintain a proper relationship between hog prices to the producer and the price of pork products realized by the processor."

Motion carried.

On motion of Mr. Cruickshank,

Resolved,—That a new recommendation be inserted after No. 3, as follows: "That consideration be given to the sale of eggs by weight rather than by the dozen."

On motion of Mr. Cruickshank,

Resolved,—That a new recommendation be inserted after No. 4, as follows:

"That as an incentive to the increased production of milk, consideration be given to the payment of a subsidy on evaporated milk during the summer months."

Mr. Senn moved that the Report be further amended by adding the following paragraph:

"The Committee recommends that in the appointment of Marketing Boards, consideration be given to increased producer representation.

Motion carried.

Mr. Evans moved that the Report, as amended, be adopted and that the Chairman present same to the House as the Committee's Fourth Report.

Motion carried.

On motion of Mr. Cruickshank, seconded by Mr. Senn, a vote of thanks and appreciation was extended to the Chairman who, in turn thanked the members for their co-operation.

The Committee adjourned to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, July 19, 1943.

The Standing Committee on Agriculture and Colonization met at 11.45 o'clock a.m., the chairman, Mr. W. G. Weir, presiding.

Members present: Messrs. Blair, Bourget, Cardiff, Clark, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Golding, Hatfield, Lalonde, Leger, MacKenzie (*Lambton-Kent*), Matthews, Perley, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Ward, Weir.

On motion of Mr. Golding, the minutes of the meeting held on Friday, July 16, were approved.

The chairman informed the committee that he had been advised by the Clerk of the House that certain recommendations contained in the third and fourth reports, as adopted at the last meeting, were out of order in that they would impose a financial burden on the public and would, therefore, require Royal recommendation.

Mr. Evans moved that the third report, as adopted at the last meeting, be rescinded to be reconsidered this day.

Motion carried.

The committee proceeded to a reconsideration of the draft of its third report.

Mr. Golding moved that the said draft be amended as follows:—

1. That all the words after "Government" in the first paragraph on page 2 be struck out; and
2. That recommendation number 2 on page 2 be struck out and the following substituted therefor:

> "The committee urges that a close check be maintained on the spread between the ceiling price of feed grains and the price paid by live-stock feeders in Eastern Canada and British Columbia".

Motion carried.

Mr. Cruickshank moved that the draft report, as amended, be adopted and that the chairman present it to the House as the committee's Third Report.

Motion carried.

Mr. Evans moved that the fourth report, as adopted at the last meeting, be rescinded to be reconsidered this day.

Motion carried.

The committee proceeded to a reconsideration of the draft of its fourth report.

Mr. Evans moved that the said draft be amended by striking out recommendation 2(*b*) on page 3.

Motion carried on the following division: *Yeas,* 10; *Nays,* 7. Mr. Leger requested that his vote against the motion be recorded.

Mr. Evans moved that recommendation 6 on page 3 be struck out.

Motion negatived on the following division: *Yeas,* 6; *Nays,* 11.

Mr. Golding moved that the said draft be further amended as follows:—

1. That all the words following the words "farm products" on page 4, line 21, be struck out and the words "the committee urges that this type of research be continued" be substituted therefor; and

2. That paragraph 4, page 4, be struck out.

Motion carried.

Mr. Blair moved that the draft report, as amended, be adopted and that the chairman present it to the House as the committee's Fourth Report.

Motion carried.

Mr. Fair requested that the following corrections be made in the minutes of evidence:—

Page 314, line 41, should read, "Mr. Dechene: That's a damned lie" instead of, "Mr. Dechene: You are a damned liar".

Page 316, lines 20 to 28, should contain a specific withdrawal by Mr. Dechene of the words complained of by Mr. Fair, viz: "That's a damned lie".

With the concurrence of Mr. Dechene, the committee ordered that the minutes of evidence be so amended.

Moved by Mr. Golding that the committee extend its appreciation to the clerk of the committee for his faithful and valuable assistance.

Motion carried.

Moved by Mr. Golding that the chairman, on behalf of the committee, write to Mr. W. A. Hill, regular committee clerk, expressing regrets on learning of his illness, and wishing him a rapid and complete recovery.

The committee adjourned at the call of the chair.

A. L. BURGESS,
Acting Clerk of the Committee.