

Paterson, Pirie, Raymond, Riley, Robicheau, Sinclair, Stevenson, Sutherland, Taylor, Turgeon, Vaillancourt and White. (35).

Immigration and Labour

The Honourable Senators Asetline, Blais, Bouchard, Bourque, Buchanan, Burchill, Calder, Campbell, Crerar, David, Donnelly, Dupuis, Euler, Ferland, Haig, Hardy, Horner, Hushion, Lesage, Macdonald (Cardigan), McDonald (Shediac), Molloy, Murdock, Pirie, Robertson, Robinson, Roebuck, Taylor, Vaillancourt, Veniot and Wilson. (31).

Canadian Trade Relations

The Honourable Senators Ballantyne, Beau-bien (Montarville), Bishop, Blais, Buchanan, Burchill, Calder, Campbell, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Gouin, Haig, Howard, Hushion, Jones, Kinley, Macdonald (Cardigan), MacLennan, McKeen, McLean, Moraud, Nicol, Paterson, Pirie, Riley, Robertson, Robicheau, Turgeon, Vaillancourt and White. (34).

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Bouffard, Bourque, Burchill, David, Donnelly, Dupuis, Fallis, Farris, Ferland, Gershaw, Haig, Howden, Hurtubise, Johnston, Jones, Lacasse, Leger, Lesage, McGuire, McIntyre, McKeen, Molloy, Paquet, Robertson, Robinson, Roebuck, Veniot and Wilson. (30).

Civil Service Administration

The Honourable Senators Bishop, Bouchard, Calder, Copp, Davies, Dupuis, Fafard, Gouin, Hurtubise, Kinley, Marcotte, Pirie, Quinn, Robinson, Roebuck, Taylor, Turgeon and Wilson. (18).

Public Buildings and Grounds

The Honourable Senators Dessureault, Fallis, Haig, Lambert, Lesage, McGuire, Molloy, Paterson, Quinn, Robertson, Sinclair and Wilson. (12).

All which is respectfully submitted.

Hon. Mr. MURDOCK: Surely we should have an opportunity of seeing the report before we pass on it.

Hon. Mr. HAIG: Honourable senators, perhaps I can explain this matter. The committees this year are to be exactly the same as they were last year, except that in some cases names have been added, to fill vacancies caused by death. One or two vacancies have been left on each committee for new senators who may be appointed.

There is one other point that I should like to mention at this time. I had rather hoped that some of the senators learned in the law who come from the provinces of Ontario and Quebec would volunteer to serve on the Divorce Committee.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: Is it your pleasure to concur in the motion?

The motion was agreed to.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. ROBERTSON: Honourable senators, with leave, I desire to move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, and such committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

THE LATE SENATOR BENCH

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, yesterday I stated that because of the volume of business before parliament I would ask the Senate to sit up to and including Friday of this week and to return on Monday evening of next week. I am advised that the funeral of the late Senator Bench will take place at 10 o'clock on Friday morning. After consultation with my colleagues I feel that I would be truly reflecting the wish of all honourable senators if I were to suggest that instead of sitting on Friday we should adjourn on Thursday night till Monday evening.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. JOHN T. HAIG: Honourable senators, as usual, the opening of parliament affords the government an opportunity, and the opposition a greater opportunity, to explain their positions and express their regrets for some of the things that have happened during the recess; and in the recent short recess many more things have happened than usually take place in a long one.

I wish to congratulate the mover (Hon. Mr. Ferland) and the seconder (Hon. Mr. Gershaw) of the Address in reply to the Speech from the Throne. I am sorry that I could not follow the remarks of the mover, but I

certainly followed those of the seconder. In view of the speech he made, I would say that he is quite properly seated on this side of the house; and when he advocates that the markets of the United States be opened to Canadian cattle, I certainly welcome him into our fold.

I take this opportunity to join with both the mover and seconder of the Address in congratulating the people of the British Commonwealth of Nations, and especially our own Canadian people, on the wonderful wedding ceremony which took place in London on November 20, at which Canada was represented by the Honourable the Prime Minister. We expect that with the effluxion of time Princess Elizabeth and Prince Phillip will become the rulers of not only Great Britain but Canada. While listening to the broadcast of the wedding ceremony one could not escape the feeling that home is still the best place of all; for here was Princess Elizabeth, a young woman who has the destiny of the world on her shoulders more heavily than anyone else, being wed in a simple ceremony to the young man she loved.

While we may differ in our points of view, I wish to congratulate the Prime Minister of Canada on the honour conferred upon him in receiving the Order of Merit. I think the honour was well deserved. I also congratulate the people of Canada upon the fact that their Prime Minister, the Right Honourable W. L. Mackenzie King, was recognized in this way.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: It is impossible for me to deal with more than a few of the issues of the day.

We of the generation represented in this chamber can go back in our minds quite handily to, say, forty years ago. We were then in the aftermath of the Victorian era, and until 1914 we thought the world as we knew it, would, like Tennyson's brook, go on for ever. But in 1914 came the first world war, after which, until 1939, we experienced what was no more than a truce, for there followed, from 1939 to 1945, the greatest war the world has ever known. Since then we have had what may be called a tentative peace, and now we appear to have entered the same old cycle. It is a very difficult period; indeed, it could not be more difficult.

It is not my intention to deal with world affairs except very briefly and incidentally; but as my views on this subject are clear and definite, perhaps I should state them now. I do not believe that the ideology of democracy can co-exist with the ideology of autocracy. A year or two ago we commonly

heard the view expressed that unless better conditions were established in Canada, the United States and Great Britain, or among the democracies generally, we would go down before the Russians. I am frank to say I then shared that opinion; but I no longer believe it to be true. Nevertheless, though it is a hard thing to say, I believe the two systems cannot live in the world together. I noticed that when the Prime Minister landed recently in New York he was, to say the least, pessimistic. Those who attended the meetings of the United Nations last year and watched the conflict between exponents of the two systems were prepared for what has happened since. Talk about progress! We have made no progress at all. There are fewer signs of peace than there were two years ago; and while I do not believe in war, or think it is inevitable, the probability of it cannot be ruled out unless we of the democracies, knowing that democracy is a better system than dictatorship, are prepared to make a strong stand for our principles. However, as I have said, this is a subject into which I am not going in detail at this time.

As regards Newfoundland and Confederation, I do not anticipate that Newfoundland will consent to be another province of Canada. I think our government went as far as it could in the offer it made, and I have not the slightest word of criticism to offer in that connection. However, human nature being what it is, I would just record my opinion that the offer will not be accepted.

I notice from reading the Speech from the Throne, that my old friend rent control is back again. We are told that we shall be asked to consider plans for a low-rental housing project for veterans. As I have dealt with this subject at every recent session, I shall not again refer to it at any length. In 1941 the government of this country put into force rental controls and thereby, whether they intended to or not, told the people of Canada that building costs would go up and would double within six years. I challenge anybody to deny it. A house which in 1941 could have been built for a given amount, costs double that sum today. That statement is true of my city and of every place else where I have inquired; and it all started from rent control, as a consequence of which new building was virtually prohibited. You may say that that is not true; but it is true, and for proof you need only talk to any contractor who formerly built three or four or six houses a year. What happened was that he quit building; and now the government is confronted with a tremendous problem—the problem of how to get housing for the people who want to live in

cities. I say that that situation is the direct result of legislation which has been passed in the last four or five years.

To digress a little: no government has controlled the products of the farmer as rigidly as this government has done, and no government ever treated the farmers worse than they have been treated by this government in the last seven years.

Some Hon. SENATORS: No!

Hon. Mr. HAIG: You say "no", but before I am through I shall prove that I am right. Consider what has happened. The young men and women who went from the farm to the factory and got big pay, decided that it was not worth while to go home to work, not forty-eight, but eighty-eight hours a week. These people will not return to farm labour, and today it is harder to get farm workers than any other kind of labour. In Saskatchewan, in Manitoba and in Alberta young men and women by the hundreds are leaving the farms, and the population of the rural areas continues to go down. While the population of Manitoba was reduced between 1941 and 1945 by only 17,000, nearly 40,000 people left the rural districts and went to the cities. Saskatchewan as a whole has a smaller population. In Alberta the decline in the rural population was more or less balanced by an increase in the cities. What has been the result? As I pointed out when rent control was established, numbers of people came to the cities and wanted houses, but nobody would build, and conditions have been terribly difficult for them. I warned the government that if the statement made by Mr. Duncan, President of the Massey Harris Company, is correct, in two years' time we shall have to face severe competition in world trade; we shall have to sell our goods to the outside world at a competitive price. At that time the displacement of population may mean fresh troubles in connection with housing. Already in my city we see for sale many houses which nobody has the money to buy. I recently examined a four-roomed house which was offered at \$6,950. There was no cultivated lawn, no garage, and no proper boulevard or street. Before the last war such a house would have been built for half the money. Today, in order to buy it, one has to put up a minimum of \$1,000, or at any rate \$500. One may see fifty or a hundred houses of this type, all alike and all in a string: in a few years they will be tenements. So much for rent control.

As the leader of the government has given notice that he will move for consideration of the Geneva agreements, and has stated that we can discuss them fully when they come before us, I do not intend to take long on

this subject. Of every eight persons producing in this country three are producing for export. So we are intensely interested in world trade, even more so than the people of the United States, who ship abroad only 3 per cent of their production, which admittedly is very large. It may be that the Geneva agreements will help us to face this situation. I am not too optimistic. In reading them through I observe so many ifs and ands and buts that it makes me uneasy. But perhaps it would be well to say no more on this subject until we have had an investigation and have heard from practical men how these agreements may be expected to work out.

Why have we been called together? It is because a year ago our holdings of United States currency or gold amounted to, in round figures, 1 billion 250 million dollars. Today there is less than 400 million dollars. Further, there remains less than 400 million dollars of the loan to the British government, and their credit in Canada is gone.

I have not heard anyone explain why the experts advised the government to change the rate of exchange in July, 1946. It has been said that our dollar in Canada will buy as much food, clothing and shelter as an American dollar will buy in the United States. Therefore, it would seem that our dollar should be as valuable as the American dollar. To this I say perhaps. The difficulty is that the economic factor is not the only one that enters into these transactions. The fellow who has the American dollar thinks it is worth a lot more money than the Canadian dollar. In New York today it takes \$1.12 in Canadian funds to pay for each American dollar. That may be required. That is about the rate of exchange. The fact is that Americans, in order to realize the ten per cent profit that they thought existed, used to send United States money into this country, not only by way of tourist trade but by way of investment—I am not talking about trade—but the minute the money was put back to par American funds were cut off as if by a knife.

Human nature being what it is, the American tourist thought: "If I go to Canada with \$1,000 I shall have \$1,100 to spend"—and he came here to try it out. On the other hand, the Canadian thought: "If I go to the United States I shall have to pay \$1.10 for each American dollar I spend there. Damn it! My dollar is as good as theirs, and I won't do it". During the past six months hundreds of Canadians from my home city have gone over to such places as Minneapolis and St. Paul, and have spent from \$200 to \$500 that they did not need to spend. They could have

bought more goods in Canada with the same amount of money. They just wanted to go to the United States.

The minute money went par, Americans who had investments in Canada began to sell out. I know of one incident that occurred in the vicinity of the home of my honourable friend from St. Jean Baptiste (Hon. A. L. Beaubien). An American owned a number of farms there, and he would not sell out as long as the rate of exchange gave him \$1.11 for his dollar. Later he sold the land and took his money back to the United States. Another point is that we were getting a \$3.50 bonus on our gold and our pulpwood, and a ten per cent bonus on all other goods we sold to the United States.

If you take the records from 1935 to 1945, except for the three years when the United States bought war materials in Canada and shipped them to Europe, you will see that exchange has always been heavily against us. What happened was absolutely inevitable. The reserve was running out. I knew it last spring. I asked one of the experts in committee how much we had in the way of a reserve, and he would not tell me. He dared not tell me. It was running out far faster than he had prophesied the year before. Why did the government wait until November to put on these restrictions? It was because we were negotiating the Geneva trade agreements, and we were persuaded by someone, I think the United States, that the agreements would fall through if we ever interfered with the exchange. How fast the reserve was going was shown when Mr. King introduced the agreements in a radio speech one night at nine o'clock and at ten o'clock the same night Mr. Abbott followed with a speech which wiped them all out. I did not even have to move out of my seat, because Mr. Abbott followed Mr. King immediately. We had the agreements and I was rejoicing that we were going to sell goods to the United States and other countries of the world, and were going to be the most prosperous people on earth. I thought of calling upstairs to my wife: "Come on down. I am going to buy you two new dresses. Things are going to be so good we won't know what to do with all our money." Fortunately, however, my Scotch caution prevailed, and I thought to myself: "Wait a minute. Mr. Abbott is yet to be heard from." After listening to Mr. Abbott's speech I thought: "Gee whiz! Instead of buying my wife two new dresses, she will have to buy me a new suit".

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: The point is that the Americans do not think our currency is as valuable as theirs. It is my personal opinion that world exchange should be put on a free basis. Ultimately we have got to come to that.

We have heard a lot of preaching in this country about the prosperity we were enjoying. If Mr. Duncan is right, and I think he is, we have only two years to get into world trade and meet the competition of Europe, Asia, and the United States. Can we do that on a forty-hour week? I do not think so. We have got to face the situation, and the sooner we do so the better it will be for the people and the fewer the hardships they will suffer. If the people were told candidly—and they should be—just how fast our money is running out, steps could be taken to adjust our economy to meet the situation.

Hon. Mr. LAMBERT: Does the honourable senator not remember being given ample warning of that very fact a year ago last summer? At a special meeting of the Committee on Banking and Commerce Mr. Towers presented certain figures regarding American dollars and predicted that within a year \$600 millions of that amount would be used up.

Hon. Mr. HAIG: I was present at that committee meeting, but Mr. Towers did not tell me that a year later funds would be running out like greased lightning. He did not tell the government that; or if he did, they did not listen to him.

Hon. Mr. LAMBERT: He considered he had told them the year previous.

Hon. Mr. HAIG: I am neither defending nor prosecuting Mr. Towers. The Government of Canada is responsible to the people of this country, and if things had gone well I am sure that my honourable friend would not have mentioned Mr. Towers. The government has to take the responsibility for whatever has happened. I remember the interview in the committee, and if my honourable friend is right and the government knew the situation at that time, provision should have been made to meet it. There should not be a blanket prohibition of all products coming into this country. Last Friday night the representative of Great Britain in the three western provinces told me the proposal was that any country would be allowed to ship into Canada 200 per cent of what it shipped here in 1937, 1938 and 1939. What does that mean? At the present time the United States is shipping to us practically all the cotton goods that we import. They built up that trade during the war, because it was better for us to get our

cotton goods from the United States than continue to order them from Great Britain and take a chance on losses by submarine action. Well, if this proposal goes into effect the United States will be allowed to ship here about 32 per cent of our cotton goods. On the other hand, Great Britain would like to send automobiles into Canada. She has been employing engineers from Canada to help her build up an export trade, but she would be allowed to sell only a comparatively small number of cars here because her business in that line in the years 1937 to 1939 was small. These are some of the complications that arise under this new scheme.

We had none of this trouble when there was a premium of 10 per cent on American currency in this country. What happened this year? Why did tourists not bring in all the American money that had been expected? What money did they spend when they came here?

Hon. Mr. HOWARD: Canadian money.

Hon. Mr. HAIG: Yes, they spent Canadian money which they had bought at a discount in the United States. The government required everybody to turn over all the American currency they received to the banks. The managing director of one of the largest department stores in Canada told me that when it was noticed that his company was not depositing any American funds the government investigated, and found the explanation to be that tourists were spending Canadian money. Where did they get it? They bought it from United States banks at a discount.

Let me come to some of the problems of the farmers. We lack American dollars at a time when farmers in Manitoba, Saskatchewan, Alberta, Quebec, Ontario and the Maritime provinces would like to ship cattle to the United States. We cannot ship any over there now, though as soon as the Geneva agreements are put into effect we shall be able to ship some. But why is the American market not opened up freely to our producers? Last Friday a good 1,200-pound steer was worth, I think—and if I am wrong my honourable friends who are in the livestock business can correct me—26 to 27 cents a pound in Minneapolis; but on the Winnipeg market, just across the line, the price was 13 to 14 cents. As my honourable friend from Medicine Hat (Hon. Mr. Gershaw) said yesterday, we should open the market. Now, why not open the market? Who, but the Government of Canada is keeping the market closed?

There is a similar situation as to hogs and grain. Barley is worth about \$1.20 a bushel

in Canada as against about \$2 in the United States; and oats, which bring only 92 or 94 cents a bushel in this country, are selling at about \$1.50 across the border. Why not let these products be sold on the American market? It has been said that the minute this is done the cost of meat in Canada will go up. On Monday, December 8, just a couple of days ago, the *Winnipeg Free Press*, which is not a supporter of the Progressive Conservative party, had an editorial entitled "Lift the Embargo." I will not read it, but if anyone so desires, I will place it on *Hansard*. It makes this point: we have got goods that the Americans want, and if we want more United States dollars we must sell those goods to the Americans. It goes on to say that if we do this the price of those commodities will rise in Canada.

Honourable senators, I can imagine that if it was the Progressive Conservative party which was in power and responsible for keeping our cattle off the American market, my honourable friend from Medicine Hat (Hon. Mr. Gershaw) would have said, "It is the old protectionist policy that is keeping us from trading with the world." Why did he not challenge the Minister of Agriculture to open up the American market? The minister has had three or four days in which to defend the present policy, but there has been no defence of it.

Then of course it is said that if we make the American market available for our producers of bacon and beef, we shall not be able to sell these products to Great Britain at present prices. But the farmers are the boys who are losing money on the deal. We have been selling bacon and beef to Great Britain at about two-thirds of what we could get in the United States. Our farmers have to pay the highest prices for the goods they buy, so why should they not be allowed to sell their products on the highest market? I say that if Canada wishes to sell bacon to Great Britain or any other country at 10 cents a pound when the Americans would pay 20 cents a pound for it, the people of Canada as a whole should bear the loss. They should pay the farmer 20 cents, instead of requiring him to sell at 10 cents. We stick out our chests and say: "Great Britain helped to save the world for democracy during the war, so we are helping Great Britain now." But who are the "we" who take credit for helping Great Britain? I, a lawyer in Winnipeg, and you, a business man in Montreal, are taking all the credit, while we make the poor sucker of a farmer pay the cost.

In this morning's newspapers it was reported that the Parliamentary Secretary to the Minister of Agriculture said in Middlesex yesterday that there would be some good news for the farmers soon. Well, it had better be very soon. They are getting awfully tired and hungry and mad because of this thing. Let me remind you of what happened to the cattle industry. The government took the ceiling off barley and oats on the 23rd of October, and prices immediately jumped about 30 cents a bushel on the average. That meant that the livestock producer in Ontario, Quebec and the Maritime provinces had to pay that much more for his feed, although the selling prices for his own products remained at the old levels.

I am going to say something now about my old favourite, the grain question. I was glad to read of the statement that the leader of the Progressive Conservative party made about the marketing of grain—it took him quite a while to come to the conclusion, I admit. There were certainly two views on the question: one was that grain should be marketed through compulsory wheat pools, and the other was that it should be sold on a free and open market. You may say that the second view is held by those who want trading to be done on the Grain Exchange, but I am not interested in that aspect. What does concern me is that, in a country where we boast about democracy and free enterprise, we say to our greatest industry, the grain producing industry, "You have got to sell your products through our pools".

I was pleased to hear the leader of the party to which I belong say last Monday night that he was in favour of allowing the people of Canada to sell their grain to the pools if they wished, with the government providing the machinery to help them to do so, but that they would also have the right to sell under the free enterprise system to anybody who wants to buy.

Hon. Mr. CRERAR: But up to that time he had been supporting the restrictive policy.

Hon. Mr. HAIG: I have just admitted that.

Hon. Mr. CRERAR: What was my honourable friend's stand on the question previously?

Hon. Mr. HAIG: I have always been opposed to the restrictive policy, and I said so in this house last year. I ask my honourable friend from Thunder Bay (Hon. Mr. Paterson), if he read my speech, to confirm the fact that I was against the policy. I understand the attitude of the people of western Canada as well as my honourable

friend from Churchill (Hon. Mr. Crerar). I have represented part of Manitoba in the political field longer than he has. I say that when the farmers in our part of the country are not allowed to sell their grain wherever they wish, they are being most unfairly dealt with. Mr. Bracken now supports that contention.

When the wheat agreements came up for discussion last year I opposed them as strongly as I could; and I oppose them today. I believe that no matter what happens, the principle underlying the agreements is wrong.

Hon. A. L. BEAUBIEN: The leader of your party did not oppose them in the other house.

Hon. Mr. HAIG: He did not support them either.

Hon. Mr. BEAUBIEN: He fought for them in the other house.

Hon. Mr. HAIG: He went to Portage la Prairie in the fall of 1946, when Mr. Miller was elected, and opposed the agreements. The result of the election showed that the people of Portage la Prairie did not favour the government policy.

Hon. Mr. LAMBERT: May I ask my friend if it is true that the leader of the Progressive Conservative party, Mr. Bracken, did not appear in the constituency of Portage la Prairie at the time of the by-election?

Hon. Mr. HAIG: Ask the honourable member from St. Jean Baptiste (Hon. Mr. Beaubien) whether or not the leader was there. He held eight public meetings in that constituency. I have my evidence right with me, because my friend from St. Jean Baptiste knows that the leader did appear.

Hon. A. L. BEAUBIEN: I wish to correct my friend from Ottawa (Hon. Mr. Lambert) in his belief that Mr. Bracken did not appear in the Portage la Prairie constituency. But as far as opposing the wheat agreements was concerned, I never saw such soft pedalling in my life.

Hon. Mr. HAIG: That makes no difference; he opposed the agreements. He appeared at eight different places, and the only poll that Mr. Miller did not carry was the home of the C.C.F. candidate. The place where the Liberal candidate resided was carried by Miller.

Hon. Mr. LAMBERT: I give all credit to Miller.

Hon. Mr. HAIG: My friend should be sure of his facts before he interrupts.

Under the British wheat agreements we sold last year 160 million bushels of wheat to Great Britain at \$1.55 a bushel. In that deal the government admits it lost \$123 million; but I suggest that twice that amount of money was lost.

The government works out the loss in an ingenious way, by taking the average price throughout. That is not the proper basis. The farmer who sees wheat going up gradually in August and September is reluctant to sell his grain; he wants to hold it and let the price go higher. I do not believe that large stocks were held for that purpose, but even accepting the loss at the government's figure of \$123 million, it represents a huge sum to come out of the provinces of Manitoba, Saskatchewan and Alberta. For this year the loss has been estimated at \$335 million dollars.

Hon. A. L. BEAUBIEN: Whose estimate is that?

Hon. Mr. HAIG: That is Mr. Strange's figure, and he has been right every time so far.

Do honourable senators know what one who desires to purchase wheat for Italy, Spain or any country other than Great Britain, would be asked to pay today at the Winnipeg wheat pool? It is true there is not much wheat for sale, but when I left Winnipeg on Saturday I was quoted \$3.35 per bushel f.o.b. Fort William. Yet we are selling to Great Britain at \$1.55. By the agreement the farmers of Canada are losing \$1.80 per bushel.

Hon. Mr. PATERSON: May I interrupt my friend? I wish he would refer to the Wheat Board and not to the pool. The wheat pool is an entirely different organization.

Hon. Mr. HAIG: I stand corrected on that point. I should say the Wheat Board.

I am opposed to the compulsory board created by the government, but I have no objection to a man selling his wheat to a pool. If a farmer wishes to sell his grain to the N. M. Paterson Elevator Company, why should he not be allowed to do so? Some honourable members may not know that my friend from Thunder Bay is one of the biggest operators in western Canada.

I am criticizing the British wheat agreements because they create a peculiar situation.

Hon. Mr. EULER: May I ask my honourable friend if he is in favour of the Canadian citizen selling his product and making his money wherever he likes?

Hon. Mr. HAIG: My friend has butter on his mind.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: But if he will go along with me and criticize the government for what they are doing with cattle, hogs and grain, I am prepared to support him on the question of oleomargarine. First I want him to get up and criticize the government.

Hon. Mr. EULER: My friend and I might get together.

Hon. Mr. HAIG: We might, and I think it would be a good thing for Canada if we did.

Hon. Mr. A. L. BEAUBIEN: That is a bribe.

Hon. Mr. HAIG: Last year Canada produced about 400 million bushels of wheat, of which 160 million bushels went to Great Britain. Of the balance, 120 million to 150 million bushels were used in Canada for feed, seed and flour, leaving approximately 120 million bushels to be sold on the world market. That residue was sold at a wide margin of profit over the price of \$1.55 a bushel, and the board is now dividing the profits.

This year our crop will probably be from 300 million to 325 million bushels of contract grain. Out of that quantity 160 million bushels will go to Great Britain; 120 million bushels will go for our own use, leaving approximately 20 to 40 million bushels to be sold on the open market. On that basis our profits next year will be much lower than this year.

Before leaving the grain question I wish to tell honourable members that the people of this country are eating bread made of flour from wheat sold by the farmer at \$1.55 per bushel when the price on the grain exchange was \$3.35. Before the government took the subsidy off wheat the price to the miller was 77½ cents. As soon as the subsidy was taken off the price rose to \$1.55. If Canada uses 50 million bushels of wheat throughout the year, the farmers will lose at least 90 million dollars. We are eating bread from wheat which cost the farmer twice as much as he was paid for it and no one is complaining but the poor farmer.

I wish to refer to the subject of coarse grains, and in that connection I may be pardoned for using a personal illustration. A farmer came into my office around the first of October and said, "I owe a client of yours some money, and you have been after me for it." I replied, "I sure have been after you." When he said, "I will pay you the first of November", I questioned him as to why he should wait until then to pay the money. His reply was: "I have oats and barley in my granary, and I am going to hold them until the first of November because I hear that ceilings are coming off and the price will go up 30 to

40 cents a bushel." Within the next ten days four or five other farmers came in and said to me, "We can get that money for you, Haig, but we shall have to sell our oats and barley." I said, "Wait until the first of November." Now they think either that I am a genius or that I am in the confidence of the government and must have known that ceilings were to come off. If anybody other than the minister knew it, presumably this man did; at any rate he sold 3,000 bushels of oats and barley and received \$900 more than he would have got otherwise; and that happened to be the amount he owed my client.

Hon. Mr. CRERAR: You did know, then?

Hon. Mr. HAIG: No, but he knew; that is, he was confident that it would happen.

Hon. Mr. COPP: He was just a gambler.

Hon. Mr. HAIG: If all restrictions were removed from the grain market, prices would rise at least 70 cents a bushel. That is the situation, and that explains the crisis. It is also a compelling reason why men and women in this chamber should forget politics and impress upon the government of this country that controls should be taken off and that our primary producers, whether of grain or any other commodity, should be free to sell their products on the world markets at world prices. If we are to guarantee the farmer \$1.55 a bushel for wheat, the manufacturers of Ontario, of Quebec, of the Maritime Provinces and British Columbia will be the first to complain. "Why," they will ask, "should we pay the farmers of Manitoba, Saskatchewan and Alberta \$1.55 if the world price of wheat is 90 cents?" If you give a guarantee to one interest you will have to concede it to every other form of production. The truth is that we are going the wrong way about it. Mr. Gardiner gambled with 600 million bushels of the producers' wheat, and he lost the gamble. In the sixteen months which ended last November we lost in this way \$335 million, the value of a whole year's crop in our western country. Why did the minister do this? Apparently he was advised by the pool men of Saskatchewan, in particular—perhaps also by the Manitoba pool, although I do not know—that it would be his political salvation. These men were determined that the grain exchange should be put out of business, and to accomplish this purpose they would sacrifice the whole grain trade of Western Canada. If an instrument intended for one purpose is used to achieve another, disaster always results.

In Manitoba this year our crop, with the exception of flax and rye, was poor. The same condition prevailed in Saskatchewan and, to a lesser extent, in Alberta. In face of these

facts we find the Parliamentary Secretary going to Middlesex and telling the farmers: "Hold your cattle, hold your hogs; better days are coming." Why should we in a free country follow a policy of that kind? It might be expected in Britain, under a sort of C.C.F. government, or in Russia under a dictatorship, but it is out of place here. Had the people of Canada voted in favour of government control of everything, although I would have opposed it, I would have nothing further to say. If our people had decided that the farmers should receive only a certain price for grain or cattle or hogs, although I would not have voted for it, I would have acquiesced. But the people of Canada did no such thing. And now we are paying the price of the government's policy.

Hon. A. L. BEAUBIEN: May I ask my honourable friend if the organizations which are supposed to be representative of the farmers did not consent to this wheat agreement? Were they not in favour of it? Surely we have to listen to the views of the representatives of organized farmers.

Hon. Mr. HAIG: One of the best farm papers, which used to be called the *Grain Growers' Guide*,—I do not know the present name of it—

Hon. Mr. LAMBERT: *The Country Guide*.

Hon. Mr. HAIG:—recently took a census on this matter, and it reported that 55 per cent of the farmers of western Canada were opposed to all this grain control.

Hon. Mr. FARRIS: That may be so, but the point is, what were their views at the time it was made?

Hon. Mr. HAIG: Unfortunately it was represented to the farmers that if this deal were made the price of grain for years to come would be stabilized, and the market overseas would be maintained when the war was over. I am not an Englishman, and I do not pretend to know the sentiments of an Englishman, but I never heard of one allowing sympathy to stand in his way when he was making a bargain about anything he had to buy. You can bet that he made the best deal he possibly could under the circumstances. The fact that we are selling to the Britisher for \$1.55 wheat that is worth \$3.35 will be no help to us in four or five years when he comes to negotiate another agreement and offers, perhaps, \$1.55. As this writer says, when two governments are dickering with one another, the government which is seeking to buy grain says, in effect: "Unless you accept my price I shall buy from somebody else",

and the seller finds himself in a difficult position, because he is afraid that if he does not sell he will lose his market.

Hon. A. L. BEAUBIEN: I do not like to interrupt my honourable friend, but he knows, and so do I—

Hon. Mr. HAIG: Ask your question; do not make a speech.

Hon. A. L. BEAUBIEN: —that all the farmers' organizations were in favour of this contract. It was supported by the pools and by the Federation of Agriculture. When, under such conditions, a contract has been made for so many years with Great Britain, would my friend be in favour of breaking it now?

Hon. Mr. HAIG: My honourable friend has asked two questions in one. Let me answer his first question first. The wheat pools do not represent all the farmers of Western Canada—not by a long shot. I doubt whether the majority of farmers belong to these organizations. The honourable senator from Churchill (Hon. Mr. Crerar) may be better informed on that matter than I am. The organizers of the pools control these people, and the members fall into line. They were carried away with the idea that by this means they would establish for themselves a permanent market; but I believe that those who looked into the records of such transactions were opposed to the agreement. Of course, had members of the grain exchange opened their mouths about it, they would have been told "This is the grain exchange. Don't listen to them." Yet when the Hon. Mr. Justice Turgeon, of Saskatchewan, investigated the exchange he did not find them guilty.

The other question of the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) was, whether I would cancel the agreement were I now in office. I spoke about that a year ago; it is a hard question to answer; but I do not believe that when Canada's name is affixed to a contract we should cancel that contract. I have always felt that contracts made on behalf of our country should be carried out.

Hon. Mr. FARRIS: Would the honourable senator suggest that Britain might break her part of the bargain?

Hon. Mr. HAIG: I do not suggest that she may. All I am suggesting is that when the four-year term runs out Britain will buy in the cheapest market she can find. That we have sold her for \$1.55 wheat worth \$3.35 will not influence her one iota. However, if

I were a member of the government I would not vote to cancel that contract; once made, I would carry it out.

Hon. Mr. QUINN: But you would not have made it in the first place.

Hon. Mr. HAIG: No. I admit that. Take the Geneva agreements: they can be cancelled at the end of three years, and if after three years I did not think they were to the advantage of Canada, I would cancel them. But it would not be a good thing for Canada if, when the government changed, our contracts were repudiated.

Hon. Mr. CALDER: What about subsidizing the farmer to make good his losses?

Hon. Mr. HAIG: My honourable friend asks me what about subsidizing the farmer for his losses? It ought to be done. For the \$123 million which the government has lost, an estimate should be put through to recompense farmers who have shipped grain to the government.

There is one more point that I should like to touch upon before concluding. On October 22 of this year the government removed the ceiling price from oats and barley. Although criticism might have been offered for ceiling prices having been placed on these grains, nobody could have criticized the government had they removed the ceiling prices on August 1 instead of on October 22. The only excuse that I have heard offered for taking action on October 22 was that a meat packers' strike had been in progress and the government wanted it to be ended before dealing with the question. If that is an excuse, it is a very poor one.

What happened was that a large number of western Canadian farmers had sold the saleable part of their oats and barley—I would say seventy-five to eighty per cent—by that date. I do not know who owns the grain, but I am inclined to think that the speculators and merchants of this country have the largest part of it. I say that the government should not have removed the controls when they did unless they were prepared to recompense every farmer who sold his oats and barley between August 1 and October 22. As a matter of fact, that is what ought to be done right now. By their action the government showed an absolute disregard for the rights of the farmers of this country, not only those of the prairie provinces but farmers all over Canada. Every part of our country suffered by that action. If the government intended taking the ceiling off this grain they should have announced the fact last June or July, and everyone would have been ready for it. But that is not what was done: the government waited until the

most disastrous period possible, when a large part of the farmers' products had been sold, with the result that oats and barley went up about thirty cents a bushel in price, and have remained at that level since.

Hon. Mr. LAMBERT: May I ask the honourable senator a question, simply to bring out a point? Would the honourable senator not care to clarify part of his statement by saying that most of the coarse grains that were purchased were hedged in the ordinary processes that are adopted in the buying of grain? When grain is purchased, the buyer hedges the purchase by selling an option against it.

Hon. Mr. HAIG: Between August 1 and October 22 there were no hedging facilities in Canada.

Hon. Mr. LAMBERT: There were such facilities for coarse grain.

Hon. Mr. HAIG: No. You could not hedge. You could in the United States, but it would be a very unsatisfactory hedge because prices were at their lowest level.

I feel that the people of Canada are facing a period of readjustment. We cannot enjoy the unrestrained prosperity that has been ours since 1941 while the rest of the world is on a starvation basis. A short time ago in this city the Minister of Transport, the Honourable Lionel Chevrier, in speaking to the Junior Board of Trade or some such organization, said that we would have to sell more goods and buy less, and that so long as the rest of the world remained in its present condition we would have to accept the situation and do the very best we could to meet it. I agree with that viewpoint. I know it is a harsh prediction to make, but I predict that we are going to have to face tough times ahead, and I think the proper thing to do is to warn our people in time so that they may be ready for whatever happens.

Hon. Mr. EULER: Does the honourable senator mean that we should sell more goods, or give them away? How can we sell more goods to foreign countries, if they cannot pay for them?

Hon. Mr. HAIG: We could sell all the cattle we liked to the United States, and we could sell other products to South America as well as to the United States; then if we had a surplus of United States exchange, we could sell to Europe and wait for payment.

Hon. Mr. EULER: Does the honourable senator suggest that we should not sell to countries other than the United States?

Hon. Mr. HAIG: That depends on what they can do for us. Honourable senators, I have spoken long enough, and I thank the house for its kind attention.

Hon. WISHART McL. ROBERTSON: Honourable senators, I do not intend to speak at any great length, but I feel that rather than adjourn the debate until tomorrow, when I hope to move concurrence in the resolution relative to the trade agreements, I should offer a few observations now.

Realizing that the mover and the seconder were experienced parliamentarians, I was not surprised at the clarity and excellence of the remarks with which they favoured us. Their speeches were well delivered, and while in essence they recited the problems with which this country is faced, they approached their task with a broad outlook.

My honourable friend from Shawinigan (Hon. Mr. Ferland) took the broad view that the future of Canada as a great trading nation is tied up with those parts of the world which hold political views similar to our own. To my mind the vision that the honourable senator displayed in his address is very creditable, not only to himself but to those whom he represents. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) spoke on a very important problem—one to which my honourable friend the Leader of the Opposition (Hon. Mr. Haig) has referred—concerning the almost contradictory situation that our neighbours to the south require our goods while we require their markets for dollar and other purposes. Linked with that problem is the severe strain that might possibly be placed upon our economy and our standard of living. There may be arguments both ways, but the speeches of the honourable gentlemen who moved and seconded the Address in Reply, constitute in themselves a particular theme to which I should like to refer in general.

The speech of my honourable friend the Leader of the Opposition proves that his health is as good as it ever was. Whatever figures may indicate as to his age, it is certain that both in appearance and enthusiasm he gives evidence of boundless energy. I am not sure, however, that the logic of what he said was equal to the force with which he said it. I listened to him attentively as the leader of the Progressive Conservative party in this house, enjoying as I always do his contribution to the discussion of public affairs. I hope he will forgive me for saying that as I listened my mind went back to recent political history in our country and the enunciation in solemn tones of great doctrines and principles by other recognized leaders of that party, and I was forced to the conclusion that the most

important of the many things that Canada has to be thankful for, from an economic point of view, is that both during the war and the reconstruction period her affairs were not in the hands of public men who, however well-intentioned, had that absolute lack of consistency in principle that is evidenced by the present leaders of the Progressive Conservative party. I think, honourable senators, that there has been more blowing hot and cold on major questions by the Progressive Conservatives recently than there ever was by any other political party in the history of Canada.

Hon. Mr. MORAUD: Small stuff.

Hon. Mr. ROBERTSON: I do not know of one major issue with which this country is faced that you could get two leading members of the Progressive Conservative party to agree on. They blow hot and cold on controls. My honourable friend urges that the control be taken off rents, and some other members of his party urge that it be kept on. There was scathing criticism of subsidies, and there has been scathing criticism of their discontinuance. I do not need to remind honourable members of what happened in two recent by-elections in eastern Canada. Despite the fact that the York-Sunbury riding in New Brunswick has been traditionally Conservative, and that the Halifax seat has in the past been won as often by the Conservatives as by the Liberals, the Progressive Conservative party's vacillating policy on major questions facing this country today was such that that party lost both elections; and indeed in Halifax its candidate dropped to third place.

Hon. Mr. QUINN: That was not the reason why they lost.

Hon. Mr. ROBERTSON: My honourable friend says that was not the reason. Well, certainly the party's presentation was not regarded very highly by the constituents, or else they would have voted differently. My honourable friend knows that.

What is the situation in this country? The honourable leader opposite (Hon. Mr. Haig) paints a gloomy picture; but I suggest to him and to all other honourable members that the position of Canada today, when everything is taken into consideration, is a very satisfactory one. I suggest that, chiefly of course as a result of the good sense and intelligence of the people of Canada, but also because of the administrative programmes of the government during the war and in this period of return to normal conditions, Canada has

achieved a degree of economic prosperity that is perhaps not exceeded in any country in the world. This economic prosperity, largely by reason of administrative action, has been distributed so fairly and reasonably over the whole mass of the people, and the cost of living has been so kept down during war years, that the position of the average Canadian today is one that can only be appreciated when looked at objectively. Despite the dismal picture so graphically painted by my honourable friend of the circumstances of farmers in his province and in eastern Canada, in all seriousness I ask honourable senators to bear in mind how the income of the major primary industry of this country has improved. Anyone acquainted with the facts knows that the gross and net return of agriculture this year will probably reach a figure which, if not a peak, is at least twice as high as it was before the war. And further, as my honourable friend knows full well, this high income has been utilized wisely in reducing outstanding obligations to an extent never before attained in this country. Never before has the agricultural income been put to such good use as a hedge against the future.

What is true of agriculture is true also of other branches of industry. My honourable friends who are engaged in manufacturing know that their industries were never in a happier position than today. They have paid off their obligations or refunded them at lower interest rates, and there are bulging treasuries; in fact, some people think that financial conditions in this country are almost excessively good. In the light of the situation as we find it, one would have to be pretty pessimistic and take a very narrow view of conditions to arrive at the conclusion which my honourable friend expressed—indeed I have grave doubts that my honourable friend himself has in fact reached such a conclusion.

We are faced with problems arising to a considerable degree out of our great prosperity. Our price level has been kept down to such a point that it is impossible for most other countries to sell in our market. It is for this reason that, for instance, our traditional customer and supplier, Great Britain, finds it very difficult today to sell in the Canadian market. At the same time the pent-up purchasing power of this country, resulting from wartime savings and unprecedented wages, salaries and general returns from business, has tried to find an outlet in the customary way; and as we ourselves have not been producing sufficient goods to meet the demand, we have been buying heavily from the United States. This has brought about some serious conse-

quences. During the discussion on the Foreign Exchange Control Bill we were told that this would likely happen, but the development has been at a more accelerated pace than was anticipated. Of course, there is not the slightest doubt that extraordinary conditions in Europe have had a great effect here, but we should not lose sight of the fact that when everything is considered Canada is one of the happiest countries in the world from a governmental and business point of view. It is in a stronger position today than it has ever been before, and the very last thing that we should do is to get panicky and conclude that our present situation is anything but a passing phase. The simple and logical solution is to deal with it in its natural form and to correct an immediate condition.

There have been heavy demands upon Canada's reserve of foreign exchange, particularly in relation to United States dollars. My honourable friend opposite is to a certain extent justified when he asks: "Why did the government bring the dollar back to par at the time it did?" The answer is simple, and it is this: The government brought the dollar back to par because of the probability that, under then existing conditions, it would result in the maximum advantage to the people of Canada. As my friend knows, it was expected for one reason or another that our imports from the United States would be high, and that the placing of the dollar at par would add an extra 10 per cent to the cost of imports, thereby relieving some of the pressure on our price ceilings.

My friend opposite brushes aside with a gesture of his hand the problem of rising prices, and says "So what!" I say that this government regards the rising cost of living as a serious matter. There are features of it which are more or less inevitable; but we have treated it seriously, and as a consequence have often been subjected to criticism and abuse by our honourable friends opposite. We fought to gain control over prices with, I believe, the support of the vast majority of the Canadian people; and if the scheme was not the success it might have been, that was largely due to the unending criticism and sniping that came from the Progressive Conservative party in this country. We are interested in prices and the cost of living, whether my honourable friends opposite are or not.

During the war years we were successful in isolating ourselves in an economical way from the United States. Our surplus farm products were sent overseas, and our imports from the United States were small. The impact of high

prices in the United States had no great effect upon us then; but as we moved into a world of multilateral trading, and raised our price levels, it was our hope that when the obstacles were removed Canada would be able to meet competition in the world markets with little dislocation of her economy. It was entirely unexpected that loss of farm products in the United Kingdom and on the European continent would create such a great demand for agricultural products from the United States and Canada. As a result of an act of God the demand for agricultural products is higher on the American market today than it otherwise would have been. This condition could not have been foreseen.

I am prepared to admit that as we move from the position of having our trade largely channelled to Great Britain, with the maintenance of price levels by reason of contracts with that country, and enter into a condition of multilateral trade which we hope will follow the restoration of the trade routes of the world, it is inevitable that our price levels will ascend to meet world prices. Such a change will cause some unavoidable dislocation, and will require the best brains and judgment in Canada to deal with it.

I say again to the honourable leader opposite that this country is essentially on a sound economic basis. In my opinion it is in a happier position than any other country in the world. I believe that the difficulties with which we are now concerned are transitory in their nature, and in the end may have a beneficial effect upon us.

The reports of huge agricultural production in this country during the past two years, together with full employment and great economic advances, have been at times almost frightening to me. I have asked myself: How is it possible that today, when such suffering and such difficulty is being experienced by the major countries of the world, we should be so prosperous and happy? It may well be that our present troubles and concerns will have the effect of checking us, so that we may avoid excesses which could seriously affect the whole economic life of our country.

My friend was no doubt drawing on his experiences at the United Nations meetings when he pictured the two strong ideologies which exist in the world today, and which cannot live together. The very thought is terrifying, for if the two factions cannot live together it means that war between them is inevitable. I have no way of knowing that such a war is inevitable, but I believe that

our system of economics and our way of life is on trial today as never before. On the one side there are the United States and the other countries which in varying degrees share our views; on the other side is Russia and those countries whose views differ so widely from ours; in between is the great mass of people who have not made up their minds one way or the other, and who are in doubt as to what course to take. I am convinced that if Canada goes from excess to excess, with a continual piling up of wage increases and augmented costs of production, the crash will come with terrific force. If our economic system were to be tried and found wanting, what substitute would there be for it? With such a spectacle before them, what would be the thoughts of those countries of the world which are sitting on the sidelines?

Honourable senators, I believe that Canada not only is greatly responsible for the welfare of her own people, but is morally obliged to join in providing other countries with a standard of living that will discourage the growth of communism within their bounds.

If we think through the problems which face us and deal with them in a spirit of full confidence and the resolution to build the best possible national economy, we need have no particular fear of a spread of communism. People, no matter who they are, desire to be free and to enjoy the highest obtainable standard of living. If we so act that our national economy can withstand the scrutiny and survive the test of those who would find fault with it; if we can so order our affairs that there shall be no recurrence of the terrible experiences which befell us between 1931 and 1933, we shall not need to worry much about

the impact of communism on this country or other countries which follow our way of thinking. But if we fail to approach our problems with these purposes in mind, and therefore fail to solve them, there will be before us times of great anxiety, because we shall be menaced not only with bayonets but with the activities of those who come to our country impelled by a different point of view.

During the discussion of agricultural matters, particularly in the West, I have been surrounded by experts whose knowledge of the complex subjects involved is so much greater than my own that, recognizing my inability to answer successfully my honourable friend opposite, I shall leave the matter to them. My honourable friend is skilled in the law and in matters pertaining to western agriculture. But I urge him, whatever the temporary problems with which he or his constituency are faced, to be of good faith, because it is to be remembered that despite their difficulties agriculturists never before have been as prosperous as they are today; never were they in so sound a financial position to face the future. I would add also that never have they contributed more to the general welfare of the country. The conditions to which my honourable friend referred in such forcible terms are not such as should worry him particularly, because they will be dealt with, as far as any government can deal with such conditions, with the same care and success as has characterized the administration in the past.

On the motion of Hon. Mr. Howard the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.