

necessary credit upon, and demanded further security. Governments then stepped in and cleared the banks from any danger of loss.

I just want to review that for the benefit of some of the members of the committee. I happen to have been a member when that situation arose in 1930, when the situation became such that the banks did not consider the security good enough and refused to carry the pools any longer. As Mr. Bickerton said the pools first had difficulty with the banks. Grain was going down and had gone down even below the advances made to the farmers. Then the pools went to the provincial government and somehow or other the provincial government could not get a guarantee from the banks that would permit them to assist the pools. In turn the provincial government came to Ottawa. I was here at that time and a member of the Banking and Commerce committee. I know what difficulty Mr. Bennett had. Finally when it had reached a certain stage as you recall Mr. Bennett took over the whole assets and operations of the wheat producers at that time. He insisted on taking it all over if he had to advance the money, and he did so. It is within the knowledge of all members of the committee what happened when he took that over and put Mr. MacFarlane in charge. It is not necessary to review that.

All I am saying is the dominion government were forced to take full control and administer it until we had the Canadian Wheat Board Act passed which set up that board.

Mr. CLEAVER: That was brought about by a fall of prices?

Mr. PERLEY: Sure; the pools had taken the grain in when the price was high in 1929. The price started to drop and kept dropping until the advances they had made to the farmers were practically done so that there was no equity in the grain as far as the pool was concerned. The banks had advanced that money and they refused to carry it any more. As I say, after dealing with the provincial government they had to come to Ottawa.

I was a member of a committee of five appointed by the government when I was supporting Mr. Bennett then that had to deal with that matter. I recall very well what happened when he insisted on taking it all over as he had to advance the money. He did it and I think he did a fair job. What I want to bring out is this, that the banks refused to carry the load until the government came into the picture. Mr. Bennett carried it and it resulted in the pool being financed and carried on until to-day they are one of the strongest co-operative organizations in western Canada, one of the strongest grain companies. If you will review the report of the Agricultural committee of just a few days ago you will see that Mr. McIvor answered questions by myself and said that they handled almost 50 per cent of the grain. So that organization being salvaged at that time by the government has resulted in what we have to-day.

I might say here they have done wonders also in taking up the victory loan each time and are a great credit to the whole west and a great example of what real co-operation means.

What I want to say is that the grain companies, other than the pool, grain exchange members were figuring on what might happen to this extent that they continually tried to break the market. I know for a fact, because I had membership and know whereof I speak, that they expected that pool would go out of business. Talking with some of them I know they went so far as to have a great many of the elevators—at that time they had about five hundred elevators—divided up among certain members of the grain exchange because they thought they were going to go out of business. That is how serious it was.

What I am complaining of is that the banks at that time were willing to finance grain companies other than the pool and would have done so if the government had not come into the picture and salvaged that grain company, the pool. I am just putting that on the record. I think I am giving what