

this should not be so, that we are keeping in existence in Winnipeg an organization which is detrimental to agriculture, to farmers all over Canada and to other citizens of this country. Therefore I have introduced the following amendment, striking out paragraphs (h), (i) and (j) and substituting the following:

(h) subject to the provisions of paragraph (i) of this section, to give effect to any order in council that may be passed with respect to its operations;

(i) in selling and disposing of wheat as by this act provided, to employ such methods, consistent with the provisions of paragraph (b) of this section, as will not involve the payment, directly or indirectly, of any commission or other remuneration to commission merchants, brokers or other marketing agencies.

The direct purpose of this bill is to eliminate the payment of commissions to brokers or other individuals, but the indirect purpose of the amendment is to do away forever with the grain exchange at Winnipeg. We consider that this step is long overdue and that the sooner it is taken the better. Those who profit by the operations of the Winnipeg grain exchange have boasted it as the best method of disposing of our grain. I am not satisfied that it is the best method, and intend to prove this before I have finished. Under the grain exchange system we have had grain prices going up or down as much as twenty cents a bushel without any actual change in the supplies of grain available within the country. It is quite certain that as long as a condition of this kind is allowed to exist, the farming industry cannot be on a sound or solid basis. During the first three or four months of each crop year, commencing August 1 of each year, we find from seventy to seventy-five per cent of the grain delivered to market; but because of the hedging of this grain as well as the selling of millions of bushels of paper wheat, that is wheat which does not exist in the country, wheat never sown and never grown, we find that grain prices have been forced down considerably. As a result, the very farmers who are most in need of higher prices have been compelled to take lower prices and sooner or later forced off their farms.

Most of these futures were bought by speculators, many of whom did not know the tricks of the grain trade; and unless those speculators were in attendance it was not possible for the grain exchange to carry on very successfully. We find that many types of citizens, including farmers, workers, teachers, lawyers, doctors and even preachers were in the grain exchange for the express purpose of making money. But in many instances we find that ninety per cent or ninety-five per

[Mr. Fair.]

cent of those people were skinned, and were losers in this racket. It would seem, however, that the racket is legalized, and one wonders why many other rackets in the country are not legalized.

For instance, let us consider the black market in meat, which exists at the present time. A good deal of fuss is being made about this racket. Why is it not legalized, if the grain exchange is legalized? The futures system, we find, provides protection for the banks, the millers and the elevator companies; but it entirely disregards the interests of the producers. In my opinion it is the interests of those producers which should be protected, first of all, because if we have not food we find that things do not go along very well in this or in any other country.

Those who claim that trading in futures is a satisfactory manner of marketing our grain should explain, before this debate concludes, why under a system of futures trading away back in the thirties our grain on the Winnipeg grain exchange went down to 38½ cents a bushel. In my part of the country this meant a price of 19½ cents a bushel for the best grain grown anywhere in the world.

When that condition existed many thousands of farmers lost the savings of a lifetime, and were out on the road without even their farms on which to live. These men were told that futures trading provides markets. This is not a fact. When Mr. Turgeon made his investigation he, too, said that it was not a fact. This is what I find at page 183 of the report of the royal grain inquiry commission of 1938:

I have mentioned the "imperfections" of the futures trading system, and I know that, in the eyes of many, the greatest of these is its dependence upon the speculator. And the fact must be faced that this dependence, while not absolute, is substantial not only in Winnipeg but in Liverpool, as the evidence shows. It has well been said that there are only three classes of buyers in the wheat market: (1) those who have immediate need of the wheat; (2) hedgers who buy to insure their transactions, and (3) speculators who buy and hold in the hope of making profits but also at the risk of making losses. When buyers of this last class are absent, or are present only in small numbers, the market becomes weak and prices fall. This was the situation which existed in 1931 when the government was urged to send somebody into the market to take the speculator's place, and the situation was met by the institution of stabilization measures.

Then, again, the opinion of the three wheat pool organizations was placed before the royal commission in this way, at page 39 of the same report:

We are satisfied that the futures market does cause fluctuations not justified by the supply and demand for wheat, and this fluctuating price