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Meanwhile, the farmers of Western Canada, having built a system of co-operative grain elevators and creameries, developed a keen interest in the pooling principle, through which they could receive average annual prices for their produce rather than the prevailing market price on delivery date. Pooling was particularly attractive in the marketing of cereal grains, as farmers usually delivered most of their grain during the autumn, when prices were often lowest. By 1925, Prairie farmers had organized three large grain-pools, which handled about half the grain marketed in the Prairie Provinces. A number of other pools organized during the 1920s followed the pattern set by the grain pools.

The Great Depression, which began in 1929, gave rise to difficult problems for many marketing co-operatives. Prices of agricultural products held a downward trend for over three years and eventually stabilized at extremely low levels. This led to the failure of a number of the weaker co-operatives and imperilled even the strong ones. For example, Saskatchewan Co-operative Creameries Ltd went bankrupt, but was later reorganized. The grain-pools made payments at time of delivery that were expected to be substantially below the final price. In the crop year 1929-30, prices fell so rapidly that these initial payments proved to be much higher than prices realized when the grain was sold. Government-guaranteed loans tided the three grain-pools over the crisis.

It was now established that even large pooling co-operatives could not stabilize the prices of Canadian grain. The Canadian Wheat Board was formed to assist in this stabilization. It operates pools for marketing the grain of the Prairie Provinces. The Western grain co-operatives, as agents for the Canadian Wheat Board, assemble and store more than half the grain marketed in Canada.

Despite all the setbacks during the Depression, farmers continued to give their support to co-operatives, so that the basic strength of the movement was unimpaired. Indeed, the 1930s brought a revival of interest in co-operative purchasing. The grain-marketing co-operatives, especially the Saskatchewan Wheat Pool, helped farmers to organize new co-operatives. With lower prices for farm products, savings on the purchase of farm supplies became more important. For example, on the Prairies the mechanization of agriculture led to special interest in savings on the cost of petroleum. A small group of farmers organized Consumers Co-operative Refineries Ltd in 1935 and built the first co-operative oil-refinery in the world. This was the beginning of an upsurge in co-operative purchasing in Canada, which continues to this day.

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