

organized in Saskatchewan and Manitoba.

With the three wheat pools in operation in the prairie provinces, a central selling agency was established in Winnipeg in 1924 to undertake the disposition of wheat delivered by members to their respective provincial organizations. In succeeding years the wheat pool organizations handled wheat on the basis of an initial payment to the growers, which was decided upon each year, plus interim payments as the grain was disposed of on world markets. The pool organizations operated largely on the basis of direct sales to buyers abroad, preferring to by-pass the machinery of the futures market and the hedging facilities of this market. A general collapse of prices in the fall of 1929 ran the wheat pools into financial difficulties, and the provincial governments had to provide a backing which the pools have since been repaying with interest.

Price Stabilization

The drop in wheat prices continued through 1930, and the Federal Government found it necessary in November of that year to undertake stabilization operations. These were continued until 1935 when the Canadian Wheat Board Act was passed and a three-man board was established to stabilize the price of wheat by offering a fixed price to growers. This system was substituted for the former method of stabilizing through purchases on the futures market. In the meantime, the central selling agency of the wheat pools had closed down its foreign offices, and the pools' operations were confined largely to the handling of their members' grain at country elevators and the large terminals which had been erected at Fort William-Port Arthur and on the Pacific Coast.

The creation of the Wheat Board in 1935 did not interfere with futures trading on the Winnipeg Grain Exchange as had the Board of Grain Supervisors established by the Dominion Government in 1917 and the first Canadian Wheat Board established in 1919. The boards of the first World War period had been established in an effort to halt the rise in wheat prices and it was found advisable at that time to close the futures market at Winnipeg; but under the terms of the Wheat Board Act of 1935 the new Board was authorized to use regular trade channels in the course of its wheat-handling operations.

It was not until September of 1943 that it became necessary to close the futures market at Winnipeg and place full authority in the hands of the Canadian Wheat Board for the marketing of the Western Canadian wheat crop. The Federal Government at that time established a fixed initial price of \$1.25 per bushel for No. 1 Northern wheat in store Fort William-Port Arthur or Vancouver. The Canadian Wheat Board was empowered to take over all stocks of cash wheat, and futures trading was ordered closed out at the closing price ruling on the Winnipeg Grain Exchange on September 27, 1943.

Floor prices had been fixed by the Wheat Board subsequent to the 1935-36 crop year. Beginning with the year 1940 substantial profits were made by the Wheat Board and these were returned to farmers through the medium of participation payments, based on the size of their wheat deliveries. Payments amounting to 163 million dollars were authorized by the Wheat Board for the five crop years from 1940-41 to 1944-45 and practically all of this amount has now been distributed. In addition, increases in the initial payment to producers of ten cents per bushel announced on July 30, 1946 and of a further twenty cents per bushel announced on March 25, 1948 (raising the initial price to \$1.55 per bushel) were made retroactive on all wheat delivered to the Wheat Board since August 1, 1945.