

the extent and character, if any, of illegitimate speculating in wheat. Very little of such business was found by the board of censors, and after the first surprise due to the creation of the board of censors was over, and the first fall of prices that resulted therefrom, prices began to mount skyward again.

#### No Future Trading.

"The Winnipeg Grain Exchange then decided upon the fateful step that took away the facilities for future trading in wheat in the Winnipeg Exchange, and proceeded to take all the other steps rendered necessary thereby. The last closing price was taken as a basis of closing trades in the clearing house, and after a great deal of trouble the May and July accounts were all cleared as satisfactorily as it was possible to clear them to the various interests involved."

Mr. Gage then recalled the days of the crisis—unique in the history of the Winnipeg Exchange; the censoring; the withdrawal of facilities for future trading; the negotiations with the longs and with the shorts, with the scalpers and the spreaders, and with the agencies that gather the grain throughout the country. On the one hand, he said, the Wheat Export Company met the Exchange in a generous way, and on the other, the agencies which collect the grain in the country guaranteed to sell 90 per cent. of all the wheat they controlled for the balance of the crop year to that company. While many members of the Exchange were financially injured, yet all the members were dominated by the one spirit, the spirit, namely, of give-and-take, and of doing the best in the interest, not of their own particular line of business, but of the country during the period of stress and war. This was the next great effect of the war upon the grain trade. Much of the hedged grain did not come up to the contract grades contributed to the intensity of the crisis, but the major causes of this effect were undoubtedly war causes. Mr. Gage then particularized the war causes.

"To begin with," he said, "there was a loudly proclaimed shortage of the supply of available wheat. This shortage, for some reason or other was emphasized in the speeches of some of the most prominent men in the British Empire and also in the United States. Ministers of the Imperial government, high officials in both countries and hundreds of newspaper editors emphasized the fact that the surplus wheat in Russia was locked up by the war, that the surpluses in such countries as India and Australia were not available through conditions of transportation and that Argentine had no surplus at all. They proclaimed the dependence of the European Allies, so far as wheat is concerned, upon the continent of North America, and they devised ways and means of eliminating waste, of husbanding the resources and of persuading or coercing their peoples to use substitutes for the white bread to which they had become accustomed.

#### Higher Prices Inevitable.

"Next, there was this imperious need of the allied peoples for our wheat at a time when their men in uniform had been withdrawn from productive work, thus causing a labor shortage in agriculture as in other interests on the one hand, and on the other increasing the normal consumption of bread. The soldiers at the front must be fed and well fed; the workers in the United Kingdom were demanding and receiving higher rates of wages; the ranks of the workers had been increased by thousands and hundreds of thousands of women workers, so that the masses of the people in the United Kingdom had more money to spend than for some years previous.

"Next, the war had affected profoundly the money situation, and in so far as currency had been inflated or increased in any of its forms, higher prices were inevitable.

"Lastly, it must be noted that the concentration of the buying for the European Allies had been only slowly carried out and imperfectly at best. For example, in the Winnipeg market there were some who bought wheat for the Belgian Relief Commission; there were others who bought wheat for France; others again who bought wheat for the United Kingdom, and these were buying in open competition with one another in the Winnipeg market. Further, these were buying not only in competition with one another, but also in competition with Canadian millers and American millers, who themselves were buying wheat in order to fill flour sales to the same Allied governments. It was inevitable that a crisis should develop under such conditions as these, and the only wonder is that it was not worse.

#### Action of Winnipeg Exchange.

"The action of the Winnipeg Grain Exchange did not commend itself at first to the other grain exchanges of North America; indeed, the tendency in the exchanges of the United States was to question the wisdom of the steps taken in Winnipeg. It soon appeared, however, that the whole grain trade of this continent had been swept within the area of trouble and within a very few days the leading exchanges of the United States were forced to take steps almost identical with those taken at Winnipeg.

"Without the least desire to pose as having led the great exchanges of this continent, we can reflect that our Exchange was the first upon this continent to seriously investigate the question as to whether there was any illegitimate gambling in wheat in war time. It was the first also to take steps to prevent prices going higher still, and it was the first to work out and apply the remedy—and the only remedy within the hands of the Exchange—to the situation.

"By virtue of this fact, the Winnipeg Grain Exchange got into a better position with the general public than it ever had been. Responsible business men in all lines gave expression to their opinion that the Exchange had acted wisely and well in a very difficult crisis, and it dawned upon the public in general that the men engaged in the grain trade might be just as conscientious and just as patriotic as the men engaged in any other line of business in the world. Certainly the action taken by the Exchange contributed largely to the fact that the government at Ottawa was prepared to give a sympathetic hearing to the representatives of the Exchange on the whole matter of the marketing of grain during war time.

#### As to Government Regulation.

"This brings us to the next great effect of the war upon the grain trade of this continent, namely, the beginning of government regulation of the grain business. Every European country engaged in the war had found it necessary to undertake the regulation of grain supplies, grain distribution and grain prices. The period of state regulation was inaugurated in the warring countries of Europe one after another, and the mounting prices of bread upon this continent and the action of the grain exchanges compelled the governments of the United States and Canada to consider what they could do under the conditions. In the United States a food controller was appointed, Mr. Herbert Hoover, and the Food Control Bill tabled, which has resulted in the creation of the most gigantic wheat monopoly the world has ever seen.