

Since 1960 the Department of Agriculture and the Canadian Wheat Board have sent delegates to meetings of the Association for the Development and Protection of Eastern Canadian Agriculture Inc., to discuss the problems of a proper supply of Western feed grain to Eastern consumers. Since then, there was always an ample supply of feed grain available to Eastern feeders in spite of the Western crop failure two years ago, and the shortage of feed grain in Western Canada, and even today, after an unexpectedly tremendous export movement of Western grain through the St. Lawrence River, Eastern feeders have been fully protected in quantity and price by the Canadian Wheat Board. Even the stocks of oats and barley at the Lakehead, for shipment after the freeze-up, are already so high that they can cover the necessary feed supply until late June, and there is of course more to be loaded later on to the Lakehead.

Mentioning all these figures and facts, I can only state that, as far as deliveries of feed grain from the western grain growers to the Lakehead are concerned, a Feedbank is as necessary as the measles.

Now, let us see if a totalitarian system, operated by members of co-operative organizations, can deliver feed grain more efficiently and at lower prices from the Lakehead to ultimate Eastern consumers.

During my long life I have been asked, on many occasions, if a grain merchant doesn't have to take great risks in view of the fluctuation of the grain market. However, precisely the contrary is true. The grain trade is the only line of business, among the thousand others, where every buyer and seller can protect himself 100% against any losses through price fluctuations. A buyer of feed grain has three choices, which are:

- a) To buy at a final price if he believes that the price is low enough;
- b) He can hedge it basis the option market in Winnipeg;
- c) He can buy his wheat, oats and barley on a consignment basis, delivered to Eastern ports, and establish the final price for all or part of it, any time before taking delivery of his grain, on the basis of the daily official prices of the Canadian Wheat Board.

A few months ago, the Department of Agriculture has announced that it is going to pay the elevator storage charges in the East for a period of six months, from October 15 to April 15, for wheat, oats and barley. This gave 4 considerable advantages to the Eastern feeders:

- 1) It eliminated the worry that their feed requirements will not be unloaded before the freeze-up;
- 2) It gave them the advantage to have grain stored in Eastern elevators without any cost to them, long before the close of navigation, at a time when water freight rates and insurance rates are much lower than in November and December;
- 3) It is a big saving to Eastern feeders, not having to pay the storage charges of 1¢ per bushel per month;
- 4) They can buy even somewhat more than their anticipated winter requirements, because the Department of Agriculture pays not only the storage charges until April 15th, but gives also the full refund for the six month period, if the feed grain is taken out of the elevator after the opening of navigation.

Looking at all these facts, we see again that the Eastern feeder can protect himself 100% against losses through price fluctuation. He is also fully protected as far as timely delivery of his grain is concerned. Furthermore, there is no other line where the marginal profit is as low as the profit of the