

The point raised is not new and has been considered by a former committee of this House in 1936 and by the Royal Grain Inquiry Commission of 1938.

The Committee finds that when the Wheat Board Act was enacted in 1935, the Board of that day, under Mr. John I. McFarland, secured an opinion from two eminent counsel as to its authority under the Act to so operate. Each counsel gave the same opinion, to wit, that the Board had the authority to so operate in carrying out the duties imposed upon the Board of marketing Canada's wheat crop under the provisions of the Canadian Wheat Board Act.

These opinions were communicated to the then Government of which the Honourable Mr. Hanson was a member as Minister of Trade and Commerce, and the Government by its action indicated approval and acceptance of the authority of the Board in this regard.

This interpretation of the Act was accepted by the Wheat Board under the chairmanship of Mr. McFarland and that of his successor, Mr. Murray, as well as by the present Board under the chairmanship of Mr. McIvor.

The chairman of each successive Board has expressed the opinion that unless the Wheat Board Act gave the Board such authority the Act would have to be amended if the Board were to efficiently and effectively carry out the duties imposed on it by the provisions of the Act.

Every Government in office since the passing of the Act in 1935 has been aware of these operations by the Board and has concurred in the authority of the Board to so operate. There has, in fact, been no change in the policy in this regard since 1935.

The committee therefore finds that the present Wheat Board has been justified in carrying on its operations in the manner that it does; and further finds that it is not within the competence of this committee to question the legality of the authority exercised by the Board. It points out that any legal point involved, so long as the present Act remains as it is, can only be authoritatively settled by a reference to a court of competent jurisdiction.

Because of the recurrent criticism arising from this particular part of the Board's operations, the committee believes it desirable to include in this report some of the reasons why the Board up to the present has considered it necessary and advisable to so operate.

The committee is quite aware that due to abnormal world and domestic conditions affecting wheat the method of marketing Canada's wheat crop may be subject to change.

The reasons referred to are as follows:—

(a) The buying or selling of wheat for future delivery is the means whereby those engaged in the grain trade, i.e. the elevator companies, millers, bakers, importers and exporters insure themselves against loss due to unfavourable price fluctuations. All Royal Commissions examining into this practice have pronounced in favour of it as finally beneficial to the producer or consumer since it allows the purchaser of grain to narrow the price spread and give a higher price to the producer. In the case of the miller, he is permitted in contracting for future deliveries of flour to make certain of the price which he will pay for wheat and this enables him to narrow his price spread to the consumer. In each case the element of risk has been minimized.

(b) The Wheat Board has been obliged to fit into this picture if it is to utilize (as it is required to do under the Wheat Board Act) the existing "marketing agencies" in marketing Canada's wheat crop as the outstanding futures contracts are part and parcel of our wheat marketing problem.

(c) The operations of the Wheat Board are aimed to get the wheat into a favourable position, i.e. near the seaboard or milling centre where it can be sold to the consumer. The exchange of cash wheat for future