

Chicago July wheat closed on May 1st, 1935, at 98 cents per bushel, and on May 31st, 1935, at 85 cents per bushel, a decline of 13 cents. During the same period the Winnipeg market, stabilized by the Government, declined $6\frac{3}{4}$ cents per bushel. Surely if the buying power which has been referred to existed in the futures market, it would have been demonstrated in the Chicago market, the chief market of a country not only on a domestic basis so far as supplies were concerned, but required to import to feed themselves.

Mr. Milner refers to the co-operative measures taken by the Trade with respect to Mr. McFarland. He does not, however, mention the fact that Mr. McFarland on the other hand has co-operated with the Trade to the very fullest extent. He has used all facilities of the Trade that were available. He has protected all interests in the Trade.

Mr. McFarland has brought to the administration of these stabilization operations all of the skill and experience that he possesses, a skill and experience built on a very successful career in the Grain Trade. He has used his abilities to keep all sections of the Trade functioning and functioning as normally as possible under the conditions with which he has been confronted. He has had a two-fold purpose in mind: First, to protect the producer in Canada from being forced to sell his wheat at a fire sale price. Second, to keep all sections of the Trade functioning normally.

My attention has been drawn to a statement issued to this Committee by the Grain Exchange showing the wheat position as at June 14th, 1935, as it relates to the stabilization holdings. This is not a correct statement of the position and it will be my purpose to deal with the errors that have been made. I wonder if this Committee realizes just what the statement means? If the Grain Exchange statement were correct it would mean that not in the whole world is there a single person carrying a bushel of Canadian wheat or flour unhedged. In stabilizing the futures market as he has done, Mr. McFarland has been required to stabilize not only the wheat in Canada being delivered by the farmers, but the flour in Canada, the flour in the United States, the flour afloat, the flour in British Isles and Foreign countries, Canadian wheat in United States in transit, and in non-reporting mills and feed plants in bond, Wheat out of bond, Wheat on ocean passage and in British and Foreign ports, Wheat in non-reporting mills in process of grinding, other grains hedged in wheat futures and spreads with other markets.

The question might be asked, "If these stabilization operations did not carry the load, who would carry it?" Would the elevator companies carry any portion of it? Their own statements indicate that they are required to hedge all the wheat they purchase. The same applies to the shipping and exporting companies. Would the flour miller carry any wheat unhedged? It is evident by the Grain Exchange statement that the flour miller too, hedges all of his purchases. Would the importer carry any wheat unhedged? There is no evidence of this in the Grain Exchange statement. Would the foreign buyer carry wheat unhedged? The Grain Exchange state that there is wheat on ocean passage and in foreign ports amounting to $7\frac{1}{2}$ million bushels, in which hedges have been placed in this market, adding to the load. Then in addition to this, the Grain Exchange statement shows that someone has purchased grains other than wheat and has hedged these in the wheat futures market, further adding to the load. Then someone has sold wheat in Winnipeg and bought it in other markets, again increasing the burden. The question is, who is going to carry the burden? None of the above named interests seem to be willing, so it resolves itself down to the Canadian public. Will the Canadian public carry this load? There is no evidence of them doing so, and the fact that the Prime Minister, in the House of Commons, stated that there was 220 to 225 million