on there must of necessity be willing buyers. If the hedging process is to be successful there must be willing buyers on the market to contract to buy grain for future delivery. In normal times there are many people willing to take the risk; they purchase these futures, or, in other words, enter into a contract to receive delivery of wheat at some future date for which they pay a margin down as an earnest of good faith. These contracts for future delivery are negotiable and may be passed from one person to another. The price paid is based upon calculations as to the likely price of wheat at a future date, such as May, July, October or December, the usual dates fixed for settlement of such contracts. These calculations are supported by the most minute information collected through various agencies as to the condition of crops all over the world, the amount of wheat available in exporting countries and the condition of supplies in importing countries. The most noted of these avenues of information are the International Agricultural Bureau at Rome, the American government agricultural department crop bulletins, Broomhalls, the Dominion Bureau of Statistics, crop reports as well as a large number of other agencies that gather information and supply it to the public. Up to this point it may be said that the practice is a normal one.

Mr. CASGRAIN: From what communication is my hon. friend reading?

Mr. STEVENS: I anticipated that some hon. member would be small enough to ask that question. For the information of my hon. friend I say that every word which I am reading was dictated by me merely for the purpose of accuracy and because of its importance.

Mr. CASGRAIN: I thought the minister was reading from a statement.

Mr. STEVENS: Other than one or two minor changes made in the text, not one word has been changed since I dictated this. I dictated this simply for my own protection and I am not leaning on anyone else.

Mr. CASGRAIN: I just asked if the minister was reading from a statement.

Mr. STEVENS: My hon. friend is not going to get away with it in that way. His suggestion was that I was incompetent to prepare this document.

Mr. CASGRAIN: Not at all. Generally the minister does not read from anything and I was asking what he was reading from.

Mr. STEVENS: It is my own.

Mr. CASGRAIN: I am glad it is his own.

Mr. STEVENS: Up to this point it may be considered that the practice followed was a normal one. Now the Dominion government's stabilization plan comes into the picture. Two or three years ago it was discovered that due to the collapse of world commodity prices and stock market operations generally, the buying of grain for future delivery had virtually ceased upon the Winnipeg grain exchange. In other words, the public was not in the market. This condition presented at once a very serious problem because the pools were bound to buy and take physical possession of the wheat of their members. This entailed very heavy responsibility and the financing was carried on by the banks advancing large amounts of credit to the pools. As the market was obviously a falling market, there were no contract buyers available and it became clear that unless some agency would carry the contract risks, the market would utterly collapse and the price of wheat would fall much below the level which it did reach. Recognizing this fact and appreciating the serious loss which would be entailed, particularly to the producer, the government authorized Mr. John I. McFarland, the head of the pools sales agency, to purchase grain for future delivery when it was necessary to do so in order to hold the market steady. This was done and the whole transaction was successful in preventing a further serious reduction in the world price of wheat, as Winnipeg has been the pivotal point of wheat marketing, influencing the price of wheat in the world markets. The result of this movement has been to hold the market steady and prevent the dumping of unusual quantities of cash wheat upon the market. It also distributed the marketing of wheat over a longer period of time. There are strong evidences that by holding the market reasonably steady for the past two years, this movement will prove to have been successful in itself, because it has given time together with natural processes, for the absorption of the tremendous overhang of 350,000,000 to 400,000,000 bushels in the hands of the United States.

During the past two months, the wheat market has been very steady, showing an inclination for slow but sure advancement.

The Dominion government, through this action, is not faced with any immediate loss, as we are able to carry forward these contracts and liquidate them only as market conditions warrant.

Up to the present it has not cost a cent to do so, and the possibility of liquidating the whole situation without a dollar of loss is not an unreasonable expectation.