

by a courageous stand could a complete breakdown in the price structure be averted. The Winnipeg Free Press of July 21st makes the following comment:—

The market advanced two cents on the opening. This advance was short-lived as Chicago traders began to sell wheat in a big way causing prices to slump 3 to 4 cents.

On this day it was necessary for Mr. McFarland to purchase 15,705,000 bushels of wheat. I wonder if it is realized what the results would have been had this action not been taken. Remember the price structure, due to the changed crop conditions in North America was gradually being worked back to a basis where the producer could obtain a more liveable price for his wheat, and had this huge quantity of wheat been thrown on the market without support surely one does not need to stretch the imagination to realize what a condition of chaos would have developed.

On July 22nd, in spite of the tremendous purchases of the previous day and further purchases on July 22nd by Mr. McFarland of 3,303,000 bushels, the market broke $4\frac{3}{4}$ cents. Remember Chicago market was still closed, but was re-opened again on July 24th, and a minimum price was established.

Q. You said you wished to make some statement with respect to liabilities?—A. Yes.

Q. In consequence of the interrogations of Mr. Ralston. Will you make it, please?—A. This Mr. Chairman, is in connection with the discussion of last night regarding the liability of the Canadian Co-operative Wheat Producers Limited.

Last night I received a long distance call from Winnipeg stating that the press there had featured in headlines a statement to the effect that should the government stabilization take delivery of their present holdings, this would involve the government of Canada in obligations amounting to a hundred and ninety-six million dollars. I am sure that it was not the desire of any member of this committee or the press that such misleading information should be conveyed to the people of Western Canada, because such a statement assumes that the 228 million bushels of wheat which would be held by Canadian Co-operative Wheat Producers Limited, on May 31st, if delivery had been taken at that time, would have been of no value whatsoever.

It would also mean that the government would have to take over 228 million bushels of wheat. Information has already been given to this committee showing that a large quantity of futures have been sold over and above the existing wheat stocks in all of Canada, which can only be termed as wheat sold short, and those who have effected these short sales would of course be required to purchase these futures in order to take care of their short contracts. The only obligation of the government would be to take delivery of the stocks in a visible position in Canada. These stocks at the present time are under two hundred million bushels.

The exports from now until the 31st of August will have to be deducted from this approximate two hundred million bushels of wheat, as well as the amount required for domestic consumption during that period. The government would therefore require to take over only the visible stocks in Canada as at August 31st.

In any case speaking for the Canadian Co-operative Wheat Producers Limited, we do not admit that the government would be liable for such an obligation. The only liability which we are prepared to admit is a contingent one and this would be the difference between the cost of the wheat as shown and the ultimate price for which it will finally be sold.

Q. Is there anything more you wish to add to your statement, Mr. McIvor?—A. Nothing further, sir, at the moment.