

The Wheat Pools¹.—During 1931 important developments have taken place in the organization and policies of the co-operative marketing organizations known as the Canadian Wheat Pools. The continued depression in the world wheat market has weighed heavily upon the prairie co-operatives. The principle of pooling practised on a declining market involved financial hazards not fully realized in the earlier years of the co-operatives. Since the inception of the Wheat Pools an initial payment had been made to the farmer on delivery of his wheat, with further payments in accordance with the price ultimately received for the crop. The crop year of 1929-30 commenced with an apparent world shortage of wheat and the initial payment established by the Pools amounted to \$1 per bushel, basis in store Port Arthur and Fort William. Large and unexpected reserves in the Argentine, in addition to an exceptionally large European wheat crop in 1929, combined with the repercussions of the stock market crash of October, 1929, carried wheat prices downward. Early in 1930 wheat reached price levels below the Pools' initial payment with the bulk of the Pools' holdings still unsold. To meet the emergency, and to prevent the sudden liquidation of large stocks of Canadian wheat, the three Provincial Governments guaranteed the loans of the banks to the Pools. Final accounting of the marketing of the 1929 crop found the Pools heavily indebted to the Provincial Governments and the Governments called upon to meet the losses incident to the guarantees assumed.

With the 1930 crop in prospect and the wheat market still declining, the initial payment of 60 cents a bushel proved too high and once again the Pools found themselves in financial difficulty. The Dominion Government lent assistance to insure the orderly marketing of the 1930 crop. At this stage the Pools were placed under new general management and steps taken to eliminate the direct selling policies instituted by the Pools. The European offices of the organization were closed and subsequently offices in the United States and Eastern Canada were withdrawn.

With wheat prices at Winnipeg ranging from 50 to 60 cents per bushel and with regard to the depressed state of the cereal industry in western Canada, it became evident that in handling the 1931 crop, the Pools would have to make a new financial arrangement with their members. A safe initial payment at the reigning price levels would be too small to meet the urgent financial requirements of the farmer. After a series of conferences with the four Governments who were now interested in the Pools, it was decided that in handling the 1931 crop Pool members could have the option of delivering their wheat on the open market basis or pooling as formerly, if desired. Anticipating that a great many Pool members would want the full market price of their wheat at the time of delivery, the Pools reorganized themselves on this basis and are now largely operating as co-operative elevator companies. The Central Selling Agency is continuing to operate in so far as stocks of 1930 wheat are concerned, but the three provincial organizations are handling and marketing the 1931 crop on a provincial basis. In view of the financial interest of the three Provincial Governments in the Pools, the former are represented on the Boards of the respective provincial organizations. At the present time, therefore, the Pools are operating as co-operative elevator companies very similarly to the operations of the organizations they superseded in 1923 and 1924, but with their physical facilities greatly expanded.

¹ Prepared by Dr. T. D. Grindley, Chief, Agricultural Statistics Branch, Dominion Bureau of Statistics.