

## THE CANADIAN WHEAT BOARD.\*

The Canadian Wheat Board, now engaged in directing the sale of the 1938 wheat crop, operates under the Canadian Wheat Board Act, which was assented to as a statute of Canada on July 5, 1935. The Wheat Board first began to function in the autumn of that year. It could hardly be termed a sudden departure from previous methods of grain marketing. There had been government boards in operation during the War and immediately thereafter, and, even more recently, the Dominion Government had been active in the wheat market through the so-called stabilization measures of the period, 1931-35.

## ORIGIN OF THE BOARD.

**War and Post-War Boards.**—It became evident in June, 1917, that the open market could not operate at the same time as centralized buying on behalf of the Allied Governments. Such buying had, in fact, effectively cornered the Winnipeg market earlier in the year and a commercial settlement had to be made by acceptance of lower grades not usually deliverable on the option. The Canadian Government decided that the distribution and price of Canadian wheat should be controlled to prevent "to the utmost possible extent any undue inflation or depreciation of values by speculation, by the hoarding of grain supplies, or by any other means". Thus, the Board of Grain Supervisors was established by Order in Council on June 11, 1917. It was a monopoly board in that it took over all the wheat produced in Canada and acted as the intermediary between the producers and the Wheat Export Company, buying for the Allied Governments. On the basis of No. 1 Northern at Fort William, the Board paid \$2.40 for the balance of the 1916 crop, \$2.21 for the 1917 crop and \$2.24½ for the 1918 crop. There was no trading in wheat futures on the Winnipeg Grain Exchange from Sept. 1, 1917, to July 21, 1919, while the Board of Grain Supervisors was handling the Canadian wheat crop.

Just ten days after the latter date, the wheat futures market was closed again and the Canadian Wheat Board was appointed by Order in Council of July 31, 1919, to handle the 1919 wheat crop and the remainder of the 1918 crop. This Board was also a monopoly board but it was established for an entirely different reason than that which prompted the establishment of the Board of Grain Supervisors. It has been stated above that the first Board was appointed because the open market was not judged competent to deal with centralized government buying, *i.e.*, buying concentrated in the hands of the Allied Governments' agency. The 1919 Board was appointed because it did not appear that this centralized and organized buying would exist in 1919-20 "nor any open and stable market of the character that obtained prior to the war". There was this further distinction between the two Boards: the Board set up in 1917 paid a fixed and final price to the producer for his wheat; the 1919 Board paid an advance to the producer (\$2.15 per bushel, basis No. 1 Northern, Fort William) and gave him participation certificates entitling him to his proportionate share of any surplus above the initial price. These certificates brought two payments totalling 48 cents to raise the complete price to \$2.63 per bushel.

Trading in wheat futures was started again in the fall of 1920, but wheat prices suffered in the general price deflation which began soon thereafter. The high prices of the 1917-20 period, however, are associated by many farmers with the method of marketing through Government Boards. This view was expressed to the Royal Grain Inquiry Commission, hearing evidence in Western Canada in 1937, nearly twenty years afterwards.

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