

were not so fortunate. A large acreage and good yields brought surplus conditions back to that country in 1937-38. World demand for wheat continued at a very low level. New crop conditions in the Northern Hemisphere were promising, and the United States acreage was at a record level. After five successive years of poor crops, the crop of Western Canada of 1938 survived the threats of rust and drought damage to give a near-average return. At the beginning of the new crop year there was every indication that 1938-39 would be a year of abundant supplies, continued low demand, and low prices.

With many of these adverse factors already in evidence, the Royal Grain Inquiry Commission (Mr. Justice Turgeon) had reported to the Government on May 4 as follows:—

For all these reasons (and notwithstanding the adverse considerations to which I have referred in relation to government Boards) I do not feel that I can suggest the immediate dissolution of the Canadian Wheat Board. There is a strong possibility that conditions may develop which will require a measure of assistance in the marketing of the coming crop, and I do not know, of course, how long these conditions may continue after the final chapter of this report is written. In the meantime I can think of nothing better to suggest than that the Board be maintained to meet any situation which may arise.

Under the circumstances outlined above, the Government announced on Aug. 4 that the minimum price of 80 cents a bushel for No. 1 Northern wheat at Fort William, fixed by the Board, had been approved. The Wheat Board was again to be actively concerned with the marketing of the crop of Western Canada.

On Aug. 16, the fixed minimum prices for other grades, except Mixed Wheats, were announced. The prices of Mixed Wheats and certain odd grades were announced on Sept. 14.

On Aug. 31, it was announced that Mr. W. Charles Follitt had been appointed to replace Dean A. M. Shaw, who had retired, as the third member of the Board.

From the first, there was little doubt as to the extent to which farmers' deliveries would come to the Board. The market prices were below the fixed minimum prices and, naturally, the farmers patronized the Board. It seems fair to assume that practically all the 1938 wheat crop of the Prairie Provinces will be marketed through the Wheat Board. The only uncertainty in this regard arose during the political crisis of September, which was largely responsible for an increase of prices from the low of the October future of 56½ cents on Sept. 6 and 7 to the high of 69¼ cents at the market opening, Sept. 28. There was some belief at this time that the market would continue to rise, reach the level of the fixed price, and thus divert remaining marketable supplies to the open market. With the settlement of the Czecho-slovakian dispute by the Munich Agreement of Sept. 29, this possibility was dispelled. Most of the increased price arose from higher freight and insurance rates although at times there was spirited bidding for nearby supplies. When the immediate danger of war passed, prices gradually fell to the pre-crisis levels.

Early appraisals of the difficulties in the world wheat situation have been amply borne out. The world wheat crop, excluding Russia and China, is now estimated at 4,445,000,000 bushels. The European crop exceeded the previous record year, 1928. The total United States production is given as 930,801,000 bushels, added to a healthy carryover from the previous year. The Canadian crop at 350,010,000 bushels is the largest since 1932. There is a ray of hope in the Australian crop reduced from 188,018,000 bushels in 1937-38 to current forecasts of 135 to 145 million