

by entering into agreements with the owners of these facilities, it attempts to bring about an orderly flow of grain through each of the steps involved in merchandising the grain from the producer to the domestic and overseas buyer.

The actual selling of wheat is accomplished either by the Wheat Board selling the grain directly to a buyer of another government or, as is much more common, by members of the regular grain trade as agents of the Board. The Wheat Board annually enters into an agreement with shippers and exporters and they buy and sell grain under the terms of this agreement.

To provide for an orderly flow of grain into forward positions during times when the commercial storage facilities are inadequate to handle all the grain produced, it is necessary to regulate the flow of grain from the producer to these forward positions. The first step in achieving this orderly flow is accomplished by the use of producer's delivery permits issued annually by the Canadian Wheat Board. Every delivery of grain made to country elevators by a producer is entered in his permit book. By regulating the amount of grain delivered by the producer to the country elevator by the use of a quota system, and by apportioning shipping orders to country elevators according to the needs created by sales commitments, the Wheat Board regulates the amount of grain coming into the marketing channel.

The next step in the marketing channel is the handling of the grain by the country elevator. The maximum charges for the handling and storing of the grain are set by the Board of Grain Commissioners, but the actual charges are subject to negotiation between the elevator companies and the Wheat Board.

The third step in the marketing process—transporting the grain from the country elevators to the large terminal elevators in Eastern Canada, Churchill or the West Coast—is carried out by the railways. The wheat Board determines the kinds and grades of grain that are required at the different terminal destinations to meet its sales commitments and informs the elevator companies and the railways of these needs. The maximum tariffs for transporting export grain to Vancouver and the Lakehead are set by an agreement between the railways and the Federal Government and approved by federal legislation. This agreement is commonly referred to as the Crow's Nest agreement.

The fourth major step—storing and handling of the grain at terminal elevators—is done in privately or co-operatively owned elevators. Maximum charges are established for this service by the Board of Grain Commissioners.

In the case of oats and barley, the Board's operations are less extensive than those relating to wheat. These two grains are sold in store positions at the terminal elevators at Fort William-Port Arthur and Vancouver. Oats and barley are marketed either on a straight cash basis at prices quoted daily by the Board or on the basis of exchange of futures concluded through the facilities of the Winnipeg Grain Exchange. The Board controls the movement of coarse grains to the Lakehead. The private trade is responsible for the movement of oats and barley from Fort William-Port Arthur or Vancouver positions.

With respect to rye and flax, the Board's operations are very limited. The only way the Board enters the picture for the marketing of these two grains is through the quota system and the movement of such grains to the terminals. The Board attempts to assure an adequate supply of rye and flax in sales position by authorizing shipments as demand warrants.

Price Determination.—The general level of prices received by the Canadian Wheat Board for Canadian wheat is determined by competitive conditions in world markets. While Canadian wheat generally commands a premium over other wheats, the prices established must bear a close relationship to the prices of wheat being offered for export