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CO-OPERATION IN MARKETING

with

SPECIAL REFERENCE

to the

CANADIAN WHEAT POOLS.

by

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M.A.
March 1927.✓



72-733-225

INTRODUCTION.

Co-operation in its broad sense means working together. In its narrowest usage it means a combination of individuals to economise by buying in common, or increase their profits by selling in common. More or less imperfectly embodying this theory we have co-operation in the concrete, or the co-operative movement, meaning those forms of voluntary association where individuals unite for mutual aid in the production of wealth which they will devote to the common purposes, or share among them upon principles of equity, reason and common good, agreed upon beforehand.

In agricultural co-operation, the co-operation does not generally take place till after the production is completed. The farmer cultivates alone or with his family or hired help; when he co-operates with his fellows, it is to market the products of his farm.

Generally agricultural and credit co-operation go together; yet the most perfect example of agricultural co-operation is not concerned with credit co-operation in any form. The farmers of Denmark practice co-operation in almost every variety except for raising capital. The commercial banks have provided money to start dairies and other co-operative societies; so that it would appear the need of credit co-operation is not felt.

DENMARK AND AGRICULTURAL CO-OPERATION.

The Danish farmer is almost always a free-holder; it is little more than a century since his ancestors were serfs. It is little more than a generation since a few men, turning to account the strong national feeling aroused by the defeat of 1864, started a great educational movement which has left its mark on all strata of Danish society. After the People's High School, technical schools arose in various places, and to these, and to the excellent continuation

schools in the country districts, the Danes are beholden for the regeneration of their agriculture.

From 1867 co-operative distributing societies on the Rochdale plan had been spreading in Denmark; but it was not till 1882 that co-operation in agriculture began and the first co-operative dairy was formed; ten years later there were a thousand such, and this number has increased since. These dairies are production societies in which the cow-owners are the share holders, and all share holders have equal rights and equal voting power, whether they own one cow or one hundred. Almost every village has its co-operative dairy. They far exceed all the other dairies of Denmark. More than four-fifths of all the milk of Denmark is used in them. The profits are divided among those who provide the cream in proportion to the value of their supplies - a method of dividing profits characteristic of agricultural co-operation.

Much of the success of the Danish co-operative movement has been due to the improvement of their product. The market has been gained chiefly on the quality of the goods rather than superior marketing methods over those of private traders.

IRISH AGRICULTURE.

Irish co-operation is agricultural and dates from the foundation of the co-operative society in 1889. It is formed on the Danish model.

To form a dairy the small working farmers of a district register a society and take up shares of £1.0.0. each in proportion to the number of their cows. Each brings his milk to be separated, is paid for the butter making material it contains, and receives back skim milk. If any profit is divided, it belongs nine-tenths to the suppliers of the milk, and one-tenth to the dairy employees. These

dairies have increased rapidly, and one reason is due to the great influence in improving the quality of the butter and thus the farmers' gains.

FRENCH CO-OPERATION.

Everywhere the main features of the agricultural co-operative movement in France are similar to those in Denmark and Ireland; it is supplementary to individual cultivation; hardly ever does it appear as associations for cultivating in common and its chief form is to give the farmer a better profit.

AGRICULTURAL CO-OPERATION IN THE UNITED STATES.

Agricultural co-operation has been tried in the United States of America and has made considerable progress. This takes the form of co-operative creameries and elevators, association for the purchase of machinery, association for the sale of farm produce, especially fruit and vegetables. Mutual distrust, however, has limited the extent to which co-operation is employed.

Events leading up to the Formation of the Canadian Wheat Pools.

During the later war years there had been direct government control of wheat in Canada and prices had been high. The restoration of the open market system coincided with the beginning of world price deflation in the summer of 1920. Cereal prices at first fell even more rapidly than those of most other commodities. In the disappointment and alarm over this develop~~x~~ment, a powerful demand was made by the producers of Western Canada for the re-establishment of the Wheat Board, a government body which had operated a compulsory wheat pool in 1919/1920, in the hope that the restoration of the method of marketing would bring back the high prices, or at least check the decline. The agitation for a wheat board continued

unsuccessfully for three years. During all this period the effects of general deflation continued to be severely felt in agriculture, and also in every other line of business. Early in the period, the idea of a voluntary pool had been suggested as an alternative in case of failure to secure a compulsory pool, and in July, 1923, this alternative was decided upon.

THE CANADIAN WHEAT POOL.

What is known as the Canadian Wheat Pool is composed of three co-operative societies, incorporated under provincial statutes, which sell their wheat through a common selling agency, with a Dominion charter, jointly owned by the three provincial companies. The three provincial companies are; Alberta Co-operative Wheat Producers, Ltd., Saskatchewan Co-operative Wheat Producers, Ltd., and Manitoba Co-operative Wheat Producers, Ltd., The Saskatchewan and Manitoba companies also operate coarse grain pools along the same lines as the wheat pools, and with the same selling agency.

HISTORY OF THE CANADIAN WHEAT POOL.

The first of the Wheat Pools of Western Canada to commence operations was that of Alberta, which opened for deliveries of wheat on October 29th. 1923, with approximately 46% of the acreage in wheat in the year 1922 under contract to the pool. The objective set by the provisional board of the pool, was 50% of the 1922 acreage, but there was a provision in the contract which permitted the provisional board to proceed with the organisation if, in their opinion, the number of contracts received justified such action.

The Manitoba Pool was incorporated January 28th. 1924, and the drive for signatures for the contract began on March 10th., the objective being 40% of the acreage in wheat in 1922, or about

1,000,000 acres. When the drive concluded the contracts on hand covered only 612,000 acres, but the provisional board decided that the prospects for securing more members were good enough to justify them proceeding with the organisation of the pool. The drive was continued and the Manitoba Pool held its first annual meeting at Brandon July, 2nd. 1924.

The Saskatchewan Pool was incorporated August 25th., 1923, and its drive for membership began on August 29th., 1923, with an objective of 50% of the 1922 acreage under wheat, or 6,166,149 acres. The objective was not reached within the date set, and as the contract, unlike those of Alberta and Manitoba, did not permit the provisional board to proceed with the organisation of a pool at its discretion if the objective were not reached, it was necessary to make special arrangements to continue the work of securing contracts. These special arrangements were made, and the work of securing contracts continued, the objective of 50% of the acreage being reached about the middle of June, 1924.

The three pools joined in forming a Central Selling Agency, and at a meeting in Regina on July 28th., 1924, plans were drafted and arrangements made for an application to Ottawa for a Dominion Charter, the agency to be called "The Canadian Co-operative Wheat Producers, Ltd.,"

PURPOSE OF THE POOL.

The avowed purpose of the pool is to secure for the pool members a better price for their grain, by eliminating certain costs of marketing inherent in the competitive system; by strengthening the farmer as seller in the grain market; and by establishing direct dealing with European buyers.

The Pool claims that its system of marketing differs consider-

ably from the old system. Under the old system the farmer sold his grain to middlemen who bought it for the express purpose of making a profit in the reselling of it. The Pool deals with the class to which the middleman sold the wheat. Thus at the outset the Pool secures for the Pool members the middleman's profit.

Further, they state that under the old system the farmer sold his wheat when he could and took what the market offered. In the Pool system he delivers his wheat when convenient and obtains the average price over the selling period together with the savings in handling costs. Through the Pool the farmers do what the industrial producers have been doing for the last half century - they organise their selling and take every advantage the market offers.

The Pool further claims it can eliminate commission, brokerages, shippers' and exporters' profits, and further can keep ^{for} its members the profits made on premiums and mixing.

In brief, the object of the Pool is to organise the farmers that their grain shall be sold according to demand, that it shall be sold at cost and not for profit, that the saving effected shall be returned in increased prices for their grain, and that the proceeds shall be pooled, that is, distributed on the basis of share and share alike grade for grade.

PLAN OF ORGANISATION.

The plan of organisation and form of contract in all three pools is almost identical. The membership consists of all those directly or indirectly engaged in the production of wheat as owners, producers, share crop producers, and tenants, who sign the Pool contract. Under the agreement the Pool is empowered to act as the sole agent for the grower to handle all wheat produced by him, except such as is needed for seed or food, and to sell the same to such persons and at such

times and upon such conditions and terms as it may deem fair and advisable and in the best interests of the growers.

The grower must sign a contract, which is legally enforceable. This contract assures a permanent volume of grain for the Pool and thus gives it a strong position in the market. It makes it possible to acquire the services of men of ability and experience. It enables the Pool to finance its operations more easily, and to borrow money at lower rates of interest. The term of the contract is for five years from the time the Pools began operations. This long term contract enables the Pools to establish trading connections for direct selling, and also allows the Pools to expand into a building programme for the acquiring of elevators and purchase of terminals. The grower must sell all his grain to the Pool, and he agrees to pay the Pool 25c. per bushel as liquidated damages where he breaks his contract and sells on the open market.

DEDUCTIONS.

Clause 4. section d. of the contract gives the Pool the authority to deduct a sum not exceeding 1% of the gross selling price of the wheat for the purpose of establishing a commercial reserve fund.

Section f. of the same clause authorises the Pool to deduct a sum not exceeding 2c. a bushel for the purpose of acquiring elevators and other grain handling facilities.

So far these deductions have been made in full.

On joining the Pool the grower pays \$1.00 for a share, and \$2.00 to cover organisation expenses. In addition to the above costs the Pool is entitled to meet out of moneys realised, all proper charges and expenses incurred in selling operations.

DELIVERY.

While the grower may deliver his grain at a time and place most

convenient to himself, the Pools reserve the right to direct and control deliveries. Pending acquirement of their own elevators the Pools have made arrangements with the Elevator Companies to take in Pool grain. The Elevator Companies pay the Pool farmer the initial Pool price, and receive interest on the money until such time as the Pool authorities take delivery. This is in the case of wagon loads; in special binning the farmer takes the risk of grade and dockage, and must wait until the car is unloaded for the initial payment, or secure an advance, on which he would pay interest.

PAYMENTS.

The Pool pays an initial price, and according as the Directors decide, interim and final payments. The final payment is made as soon after the close of the crop year as possible.

GRADING.

The Board of Grain Commissioners, a board of three appointed under the Canada Grain Act, has the exclusive right in Canada to grade grain, and all grain that passes through inspection points must be graded. Under no circumstances is the Pool, or for that matter any Grain Company responsible for the grades on grain. The Pools maintain an expert grain judge, and he checks up all samples of Pool platform shipments. If in his opinion, the grade should be raised, he applies for re-inspection. The expenses in regard to this are paid by the Pool.

MANAGEMENT.

The Pools are composed of and operated entirely by farmers. No member can hold more than one share, nor can he have more than one vote. In Manitoba, which is typical of the other provinces, the province is divided into seven districts, with, as far as possible, equal membership. In each of the seven districts are locals, and each

local elects a delegate to attend the annual meeting of the Pool. At the annual meeting a director is elected by the delegates for each of the districts. This board of seven elects from its own membership the President and Vice-President of the Pool. These two officers, and one other elected by the directors, form the Executive which represents the Pool on the Board of the Central Selling Agency, the body which actually sells the wheat for the three pools.

The Central Selling Agency, officially known as the Canadian Co-operative Wheat Producers, Ltd., is established under Dominion charter, and is a separate association. It is controlled by a board of nine directors composed of the executive of each of the provincial pools. Each pool has equal representation.

COMMENTS ON POOL LITERATURE.

The literature sent out by the Pool in order to influence the producers to join, like any other new promotion, stresses the successes along similar lines. Denmark's successful co-operative movement is constantly quoted, but the reasons for its success, apart from the fact of its being a co-operative movement, are not mentioned. Denmark by its efforts along educational lines and especially in respect to improved quality and marketing of its products over that which had previously obtained, made a reputation for itself for reliability and constant excellence of its products which is the basis of success in any enterprise, whether private or co-operative.

It would hardly seem that the Canadian Pools have this opportunity. If, as seems their purpose, they wish to supersede the present marketing agencies, then their problem of improving on the present marketing methods is rather a harder one to solve than was that of the co-operators of Denmark. The marketing of grain in Canada, with its centre in Winnipeg, is already highly developed and organised.

The system of grain trading as at present conducted is acknowledged to be as smoothly working a marketing system as the world has yet developed. The Pool's success would seem to depend largely on its success in improving this already nearly perfect system.

THE WINNIPEG GRAIN EXCHANGE.

The Winnipeg Grain Exchange which is conducting the system mentioned above, is an association of men who are engaged in the grain business. They are elevator men, commission men, brokers, shippers, exporters, vessel brokers, millers, representatives of farmer-owned companies and Pools, and a few railwaymen and bankers.

The Association is not in the grain business itself, and is only concerned in the business of the individual members, when there is a complaint of some kind, or in the case of a member going into liquidation.

The Association provides a place where its members can meet to do business. In this place the members can take advantage of all the information provided by the Association respecting market conditions and prices from the important marketing centres of the world.

There are rules governing the members of the Association regarding rates of commission and brokerage, and others, as for example "every bid must be an "open" bid, open to the whole of the market". The member is of course governed by the rules of the Canada Grain Act in his direct dealings with the farmer.

The chief work of the Grain Exchange is to provide the best machinery it can devise, equip it thoroughly, keep it working smoothly, and in that way facilitate the work of collecting the grain crops of the West, and of marketing them in the markets of the world.

The Winnipeg Grain Exchange is an international body, its membership including all nationalities and races. The grain business

in Canada is mainly an international business because most of our wheat is exported in the form of wheat.

The Pool in order to compete successfully with this association of grain dealers - including as it does men of marked ability and experience; men who understand the difficulties encountered in marketing, and how best to overcome them; men who have their own capital invested, ~~in the grain trade~~ and thus have an interest in the grain trade which includes all branches from producer to final consumer; - must be able to command the services of men of equal ability and experience, who have sufficient of the spirit or ideal of co-operation as to make their efforts equal to those of men who have their own capital at stake. Men of this standing will need to be paid accordingly, and experience of the past has been that generally co-operative associations have not been willing to pay the requisite wages of management.

If the statement of the Pool that through it "the farmers do what the industrial producers have been doing for the last half century - they organise their selling and take every bit of advantage the market offers", means controlling the supply and so keeping a certain level of prices, then past experience shows that this would hardly be possible.

Seligman in his "Shifting and Incidence of Taxation" says "Furthermore, it is in actual life frequently a difficult matter for the producers to decrease the supply of agricultural products". Referring to cotton he goes on to say "Although annual conventions of the cotton growers repeatedly resolve that the low price of cotton is due to over-production, and that the supply should be curtailed, it seems practically impossible to reduce the cotton acreage. In order that any appreciable influence might be felt in

the price, it would be necessary for the whole tracts of lands at the margin of cultivation to be abandoned. ... this practically means wholesale ruin for immense classes, who have perhaps invested large sums in improving the land". The case of wheat production would seem to present even a greater problem in this respect, the production extending over so many acres in so many parts of the world.

If, however, the statement means that the Pools will not rush their wheat on the market at the beginning of the season, but will store it and sell it only when the effective demand is at a certain figure, then their competitors will sell their wheat the quicker at a competitive world price, and as the harvests in the different parts of the world are at different seasons, there will always be, in normal years, a fairly constant flow to the consuming countries. It would appear then, that there would be a possibility of the Pools being left with a carry-over at the end of the year. If they wished to avoid this, and foreseeing events, throw the balance of their wheat on the market towards the close of the year, the effect on the market might be the more disastrous than if they had been content to accept the competitive price during the whole year.

There is little doubt that at the beginning of the Pool experiment, the foregoing idea was held before the farmer as an inducement to join, for one of their pamphlets says "The Pool can distribute its sales over the year, and by this orderly marketing avoid the disastrous effects of the flooding of the market in the fall by the dumping of individual sellers".

The Pools have evidently found that it is not practicable to so try and regulate the flow, for in a speech on October 27th, 1926, at a meeting of the Saskatchewan Pool, Mr. D.L. Smith, Sales Manager of the three Pools, stated that between September 1st. and

December 15th. 1925, the Pool shipped out or sold at Port William 111,500,000 bushels of wheat. As the total shipment for the year is given as 187,500,000 bushels, about 60% of the total was marketed during the first three and a half months of the crop year. And Mr.A.J.McPhail is quoted in the "Western Producer" of November 11th. 1926, "The impression that farmers who held their wheat back were helping the Pool was wrong. Wheat should be moved to selling position in the fall as rapidly as it could be got out.....You have got to sell when the demand exists or you will find yourself holding the bag in your hands". And Dr.R.McGill, Secretary of the Winnipeg Grain Exchange, stated in a speech at Winnipeg, July 20th. 1926, "It has been argued by some that if we hold our wheat back in this country, if we refuse to dump it between harvest and the close of navigation, if we control the flow, we shall make the buyer pay a higher price for it. Well, what is the fact? The fact is that after two or three years operation of the Pools, wheat is rushed to the market - Pool wheat as well as non-Pool wheat - just as it was prior to the war, and prior to the organisation of the Pools. The only difference there appears to be is that it is rushed to market a little more rapidly than before the Pools started operating. There has been no control of the flow; there can be none. And if Western Canada does not sell its wheat when the buyers wish to buy it, it is likely to be left with a carry-over which would be fatal, at all events, to us on the prairies".

To be able to control the flow of wheat, and thus in some measure regulate the price, the Pools would have to have something in the nature of a monopoly, and wheat, which is admittedly an important food, would need to be the only food. Canada's crop, in a good year, of about 400,000,000 bushels, is part of the world's

yearly production of wheat of about 3,000,000,000^{bushels}/and the greater part of this production is in countries which wish to export it. In India, and China, wheat is grown, but is not the staple food of the masses; in Europe wheat is grown in most of the countries, but many of the people from necessity or preference use rye.

Western Canada produces wheat far beyond its needs and it must sell the excess, probably amounting to about 300,000,000 bushels, in competition with other wheat producing and exporting countries, and its wheat as a food in competition with other foods, the cost of production of which may be less than for example the cost of producing wheat in Saskatchewan.

The price of Canadian wheat cannot be forced beyond its natural competitive value in relation to other foods and other wheats, or to a point beyond which consumers can afford.

POOL ELEVATOR POLICY.

The Pool's policy is to acquire through subsidiary companies, country and terminal elevator facilities. The Alberta Pool now owns 18 country elevators, with 12 in course of construction, and holds a lease of a terminal elevator at Prince Rupert. The Manitoba Pool has 30 country elevators and had intended to add to that number the elevators of the United Grain Growers, Ltd., but this company rejected the Pool's offer. The Saskatchewan Pool was more successful in its negotiations with the Saskatchewan Co-operative Elevator Company, and the whole system of the latter passed into the hands of the Pool at an arbitrated price of \$11,059,310.47. By this transaction there passed into the hands of the Saskatchewan Pool in the name of its subsidiary the Saskatchewan Pool Elevators Ltd., the country elevator system, office property at Regina, terminal plant at Port Arthur, terminal plant at Buffalo, and the equipment at Port

Arthur leased elevator. An initial payment of \$1,500,000.00 was made, and the balance of the purchase price is to be paid off at the rate of \$1,000,000.00 a year. This Pool now possesses 573 country elevators, giving it undoubtedly the largest equipment for the primary handling of grain of any company in the world. The total number of country elevators in the three provinces is about 4300 and Pool interests control about 15% of these.

At the head of the lakes through leases or by ownership the Pool interests control about 30% of the terminal elevator facilities.

Where Pool elevators do not at present exist at country points, the Pool has contracted with the private elevator companies to handle Pool grain subject to the usual handling charge of 1 1/2% a bushel as prescribed by the Board of Grain Commissioners, and in addition 3/4% a bushel to cover special services to the Pool, making a total elevator charge of 2 1/4% a bushel on carload lots. On less than carload deliveries, provision is made for a spread of 5/8% a bushel on grade 1, 2, and 3, Northern, and 6/8% on lower grades.

During the past year, the Pool has been laying special emphasis on its elevator policy, the possible object being to try and handle all Pool grain through Pool elevators. This will enable Pool interests to keep in better touch with their membership, and possibly to increase it.

In this respect a rather interesting departure from the policy of equal sharing was made in Saskatchewan this year. This took the form of a patronage dividend of 2/8% a bushel on wheat shipped by the members through Pool elevators. President McPhail in referring to this said "While I do not desire to enter into a discussion of policy in connection with this matter, or discuss whether such a system is good as a permanent policy, I would just say that it was done to

bring home to the Pool farmers as forcibly as possible the value of patronising their own elevators. As to whether that policy will be continued or whether it is a good policy, I am not prepared to say".

The total amount distributed in this manner on wheat and coarse grains shipped through the 89 country elevators of the system, or loaded over the platform and consigned to the Pool Elevator terminals during the 1925/6 crop year was \$476,614.00, and the total amount to be divided among all the members of the Pool at the end of the crop year must have been less by this amount. This would seem to violate the fundamental principle of share for share, and would appear to be very unfair to those members who had not the opportunity to use these elevators, and who in accord with the Pool's contract with the private elevators, put their grain through them. The Pool deducts 2¢ a bushel from all members for the purpose of acquiring elevators and terminal facilities, and it would seem that any profits made because of ownership of these facilities, should be distributed in the same manner as all other profits. Apart from the questionable treatment of all the members who did not participate in this patronage dividend, it would seem that this sort of competition is very unfair to those private elevator companies who, no doubt in good faith, entered into a contract with the Pool to handle Pool grain.

The patronage dividend was probably for temporary effect, and it is not likely that it will be continued now the number of Pool controlled elevators has been increased from 89 to more than 500.

It is possible that the Pool may not be able to manage country elevators better than private companies or on lower charges on the average, unless they so limit the number of elevators that, with all their members using them, they may have such a constant and above the

average turn-over, that the average costs could be lowered and thus profits be shown. It is more likely, however, that the value to the Pools of having their own country elevators would be through the directing of the wheat to their own terminal elevators. Because of the long period of storage during which navigation is closed, and because mixing can be done in them, terminal elevators have been more profitable than country elevators, and the Pool desires to secure that profit.

For the past three years the Pools have deducted from each member's payments the sum of 2¢ a bushel for the purpose of acquiring elevators. During the 1925/6 crop year 187,500,000 bushels of wheat were delivered to the Pool. Two cents a bushel on this would amount to \$3,750,000.00. When the renewal of contract period comes round in 1927, it is possible that some of the present members may not want to rejoin. If there are any, it would appear that they would lose any money that has been deducted during the years when they were members. A good many who might be hesitating about rejoining will no doubt be influenced into resigning the contract by this circumstance; and others who heretofore have not been members, might be persuaded to consider joining when it is pointed out to them that by so doing they are going to enjoy promised privileges bought by other people's capital.

At the time of writing, however, the disposal of the shares of those members who do not wish to rejoin the Pool, has not been decided. Discussion is taking place on the point, and it is possible that the money credited to these members on elevator account, will be credited to them as shareholders in the subsidiary elevator companies. As the amounts will vary considerably, and in any case can not be known until the period of resigning is over, the problem

presented is rather a difficult one.

Again, it may be that the Pool officials may take the attitude that the producer agreed on his contract to have 2¢ per bushel deducted; this to continue during the term of the contract. If the producer does not choose to renew the contract, then his interest in the Pool ceases in somewhat the same manner as a man carrying insurance loses any claim he may have had on any insurance company if he allows his insurance to lapse.

STEADY INCREASE IN ACREAGE AND MEMBERSHIP.

At July 31st. 1926, the acreage under contract to the Pools was given as 14,378,961 acres or about 66% of the acreage in wheat in the three provinces. Saskatchewan had 73% of the acreage in that province, Alberta 56%, and Manitoba 51%. Saskatchewan had a membership of 73,661, Alberta 36,428, and Manitoba 18,433, a total of 128,522. The Alberta Pool started in 1923 with 25,601 members farming 2,416,413 acres. The Saskatchewan Pool started in 1924 with 45,725 members and 6,330,000 acres. The Manitoba Pool started with 9,216 members and 735,866 acres as at December 31st. 1924.

The amount of wheat delivered to the Pools in 1925/6 was 187,500,000 bushels. In 1924/5 it was 61,400,000 bushels.

In 1925/6 the total crop of three provinces was 354,000,000 bushels, so that the amount delivered to the Pools was about 53%. The acreage the Pool membership covered was about 66% so it would appear that either the Pool members did not produce so much per acre as the non-Pool members or that they had overestimated their acreage. There is, however, the possibility that the Pool members did not ship all their wheat through the Pool. With such a large membership it is almost inevitable that there will be some members who will

delivered

not be absolutely loyal to their fellows, and who will be tempted to sell their wheat when the prices are high, to private traders. The Pools evidently anticipated something of this kind happening when they inserted the penalty clause in the contract. By means of their field men the Pools are enabled to keep a check on deliveries and prosecutions in some cases have taken place. In one case, that of Zurewski, a farmer in Saskatchewan, the prosecution was unsuccessful, the judge finding that the contract between Zurewski and the Saskatchewan Wheat Pool had not been properly completed. This condition has since been remedied and other prosecutions have been successful.

Referring to non-delivery of grain by some Pool members, the President in a speech October 28th., 1926, is reported in the press as having said "All cases of apparent non-delivery of grain to the Pool had been closely checked, and while only four cases were of such a nature as to warrant action by the board, there had undoubtedly been some leakage of Pool grain through outright sale of odd lots in the open market. In the four cases where writs had been issued it was found that the grower committed the breach partly through lack of knowledge of the English language, and partly through misunderstanding of the terms of the contract."

The Pool officials have followed the policy of taking a somewhat lenient view of this so-called "bootlegging in wheat" and at this period of development this would seem wise. Co-operation embodies to some extent the idealism of the socialist, and the farmer as a general rule is an individualist. If in co-operation he can see where he is going to benefit as an individual, then he considers it in his interest to become a member of the co-operative association, but should anything arise which seems to show that he is losing

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something by his membership, the temptation to forget his obligations is very strong and the many cases of selling wheat out of the Pool have arisen from this circumstance.

There is no doubt that many farmers joined the Pool under the impression that "average price" meant higher price, so that if, after the final payment of the Pool has been announced, he finds his neighbour, who is not a member of the Pool, has got a higher price, subject to no reductions, than he has, his confidence is greatly affected. Such a circumstance having arisen, the following year, the disgruntled member will probably be numbered among those who are found to be selling their wheat on the open market. It will require a great deal of education in many quarters before farmers will learn the idea that co-operation means sharing advantages with others who may not have them. This idea of sharing advantages will make a greater appeal to those who lack than to those who enjoy them, and naturally it is among the latter that the efforts of the Pool officials will have to be concentrated.

The efforts of the Pool officials to increase membership would have been simplified had they been able to show that their average price had been higher than the average of the prices paid by the private traders. Their claim that the general price of wheat to the Canadian farmer has been kept higher because the Pools were in operation, in view of the fact that the price is an international price set by the world's competitive markets, is so difficult of proof, that it can scarcely be entertained. That there has been no absolute increase in prices is proved by the fact that whereas in 1924/5 the Pool paid \$1.66 a bushel for No.1. Northern, in 1925/6 the price it paid was \$1.45.

POOL "AVERAGE PRICE" AND PRIVATE TRADERS AVERAGE OF PRICES.

Five cents per bushel, bringing the total Wheat Pool payment up to \$1.45 per bushel for No.1. Northern, less provincial charges and commercial reserve, was the final payment announced for 1925/6 crop. This represented a total payment of \$8,850,000.00 to about 130,000 Pool members.

The initial payment was \$1.00 per bushel. Two interim payments were subsequently made of 20¢. each and the final payment brought the total to \$1.45. This is the average price paid by the Central Selling Agency on a Fort William basis, after administration costs and carrying charges have been deducted. From this provincial administrative charges have yet to be deducted, also elevator fund charge and commercial reserve. Actual prices paid were:-

Manitoba \$1.43.
Saskatchewan \$1.4108.
Alberta \$1.425.

The average of prices claimed by the private trader was \$1.51. This price was arrived at by adding the official closing prices for each day and dividing by the number of market days. This official closing price stands and is the basis of buying and selling between the close of the market one day to the opening on the next. Traders will accept offerings at that price during the time the market is closed.

The price \$1.51, was the primary market cash price, subject to no deductions, and including no profits from other sources. During the crop year 1925/6 there were 301 market days. Of these 301 market days the official closing price for No.1. Northern wheat for 201 days was never less than \$1.51, and during by far the greater part of this period was considerably more; in fact for 72 days the price was from \$1.58 to \$1.70. Only on 69 days out of the entire crop year was the closing price of No.1. Northern in store Fort William below the

Pool's price of \$1.45.

The corresponding prices 1924/5 were:-

Pool - \$1.66.

Open Market - \$1.71.

The Pool officials in an effort to explain their price of \$1.45, state that the price \$1.51 claimed by the private traders is wrong. The closing prices, however, are published each day, and the prices each day for the whole year from August 1st. to July 31st., have been compiled on one sheet, making it possible for the reader to judge for himself. The fluctuations of prices during each day are not shown, so that if any decided change had taken place during the time the market was open for business, the figures would be to that extent less reliable, as it would all depend on how many bushels were sold at the higher or lower price. However, this would not appear to be a fatal objection as it is just as possible for the movement to have been downwards, as it is for it to have been upwards.

It would seem that the Pool should be able to make larger returns to its members than could private traders to their customers. The original idea of the Pool was to secure for the producer a larger cash return for his wheat than he was getting from the private trader. The Pool was to eliminate all middleman's profits, and to get for its members the export price of the grain less bare costs of marketing. They were to operate country and terminal elevators and distribute the profits to their members. Added to this was the profit to be derived from handling vast quantities of grain and thus in some measure influencing the world price basis in favour of the farmer.

The Pool price thus includes other factors than the primary

market price plus the profits on all the other undertakings. The farmer has money invested in elevators, he leaves a part of his money in the hands of the Pool officials, and this money should be earning or at least saving interest. He would naturally expect some advantages from this investment which the non-Pool farmer could not expect. If the farmer invests his money in elevators and provides capital and credit for a trading and exporting company of his own, there should be a return to him greater than the price open to any farmer who makes no such investment and takes no such risks.

There is little doubt the private companies make a profit on their country elevators, otherwise they would not run them. Similarly the Pools should make a profit on their country elevators if they are run on the same business lines and with the same efficiency. The elevator policy of the Pools would tend to show that they feel they can do this, and possibly when they begin to receive the returns from their newly acquired elevators, the effects will be seen in better payments to their members. As the re-signing of contracts does not take place till after the marketing of the 1927 crop, they will have had at least one full crop year to prove to the farmer members whether the possession of a number of their own elevators makes any difference to the total payment sent out.

The Pool has enjoyed some terminal facilities already, and to that extent must have made some profits on the mixing of grain, as is acknowledged is done by the private companies.

On occasions the Pool buys and sells wheat not delivered to it under the contract and operates in the futures market, and if these transactions have not yielded a profit it is unusual. Profits should be, and probably have been, made on these transactions, and these profits added to the farmers' price.

If it is assumed that profits have been made on -

- a. The Pool's Country elevators.
- b. The Pool's profit on Mixing.
- c. The interest saved by or earned on the money kept back from the farmers.
- d. The trading on the Grain Exchange.

and these profits have been added to the members' payments, and yet these payments have been less than the average of the prices as shown by the list of closing prices, then there must have been some loss in other transactions, or there must have been a much larger amount of wheat delivered from the less advantageous districts, as regards distance from the market and maturing of the grain, than was delivered from the advantageous districts.

This possibility is sustained to some extent when the delivery figures are examined. Of the 187,500,000 bushels of wheat delivered in 1925/6, 130,000,000 bushels were from Saskatchewan, 45,000,000 from Alberta and only 12,500,000 from Manitoba.

The difference in time between Manitoba and Saskatchewan for wheat to be ready for marketing is about ten days, and this advantage is in favour of Manitoba. Manitoba also has the advantage of being nearer the eastern shipping points, which adds a further time advantage over Saskatchewan. Alberta grain shipped via Vancouver has a time advantage over Saskatchewan wheat shipped to the same port.

The prices when the crop first comes in are higher than later when the bulk is ready for the market. The average of closing prices for August, 1926, was \$1.67½ a bushel, and for the first half of September, 1926, \$1.46½ a bushel. The average of closing prices for the latter half of September was \$1.29 a bushel.

It is possible for the greater part of Manitoba wheat to be sold at the August average and at the first part of September average, whereas Saskatchewan wheat would come on the market when the price had

dropped to the latter half of September level. Just so far as this actually happened so the difference in price between Manitoba wheat and Saskatchewan wheat would be in the first instance 28½ cents a bushel, and in the second instance 17½ cents a bushel.

When we take into consideration that the Pools handled ten times as much Saskatchewan wheat as Manitoba wheat, we see that they are selling the bulk of their wheat at the lower price.

To a lesser extent, perhaps, the wheat of Alberta will also suffer in respect of Saskatchewan wheat, and the Pools sold nearly three times as much Saskatchewan wheat as Alberta wheat.

It might be argued that the Pool's system of orderly marketing would enable them to sell their Manitoba and Alberta supplies first, and thus be in a position to await the Saskatchewan crop and market it at their convenience. But we have already seen that this orderly marketing theory has not worked out in practice. The President of the Pool has admitted that holding wheat back has not proved advantageous to the Pool; that they have already had the experience of having wheat left on their hands at the close of the crop year.

It would appear then that the handling of so much Saskatchewan wheat by the Pools works to the disadvantage of members of the Pool in Alberta, and to a much greater extent, to the members of the Pool in Manitoba.

The percentages of acreage controlled by the Pool were as at July 31st., 1926, approximately, 73 in Saskatchewan, 56 in Alberta and 51 in Manitoba, so that there remained to the private grain companies 27% in Saskatchewan, 44% in ^{Alberta} Manitoba and 49% in Manitoba. The private companies thus had over three times as much Alberta and Manitoba wheat to sell than they had of Saskatchewan wheat, and this would appear to be a fairly good reason why they were able to pay a

better price on the average.

In view of what has just been stated appearances seem to show that the Saskatchewan farmer is the one to whom the Pool holds out the greatest benefits. It is in this province that it was possible to persuade the farmer owned elevator company to sell their elevators. It is significant that the same success has not occurred in the other provinces.

This view will hardly be shared by those who, with the co-operative ideal before them, would not wish to foster the idea that in co-operation, one body of men gain to the disadvantage of others. Mutual help and advantage is the predominating keynote of the whole idea, and reasons for lessening interest on the part of any section of the membership will be sought for in other directions.

Mr. Aaron Sapiro, a pool expert, who was very prominent when pools were being started in the three western provinces of Canada, in an interview at Toronto, November 15th., 1926, is quoted saying that the Alberta Pool was being hampered by the interference of the political body in Alberta, The United Farmers of Alberta.

"Alberta, where the whole idea started originally, is now farthest behind" he said. "Co-operation must stand on its own feet as an economic service, otherwise it becomes all warped with personal ambitions and cannot succeed."

He goes on to observe that the U.F.A. is destroying co-operation marketing by making it a wing of politics, that in Alberta they lacked the idea of co-operation, and were deficient in co-operative morale. Because of the divided interest, Alberta had been picked by the speculative buyers as the centre of attack.

After discussing the elevator policy of Alberta and comparing it to its disadvantage with that of Saskatchewan, he says that Alberta

would never succeed as they did in Saskatchewan until they divorce the political and pool organisations.

His next observations would, however, tend to show that the waning loyalty was not so much due to interfering politics, as to the price received for grain.

"We are coming to a real fight" went on Mr. Sapiro. "Yes, the operators are going to put on a real fight when the new sign-up campaign begins. They are going to point out that some men not in the Pool got more money for their wheat than some in the Pool. This can be so, for the Pool is a place of better averages, and the answer to the criticism is that neither the co-operative nor the others would have as high a price if the co-operative had not been in existence."

Mr. Sapiro's statement that the existence of the Pool has raised the general price is rather one of opinion than of fact. Neither he, nor any other of the Pool supporters, have ever, as far as one is able to discover, gone on to show how they arrive at the conclusion, and as has been previously stated, the proof presents many difficulties.

Mr. Sapiro goes on to give reasons why the Alberta farmers have not joined up in the same way as the farmers of Saskatchewan. He gives these as split loyalty, lack of elevator policy, and thirdly the split service prevented the Canadian Pool from developing a national program.

While Mr. Sapiro was referring to the Alberta farmer, many of his observations would be equally applicable to the Manitoba farmer. But it would appear that the fight at the re-signing period will be greater in Manitoba than in Alberta. The question arises how the farmer enjoying such privileges, will feel over forfeiting as he does the premium received on a large percentage of his grain - his grain moving early in the season, which premium is divided with those not in a position to avail themselves of the early market on account of the

later movement of their crop, as is the case with Saskatchewan.

While the average price to all members may have been lower owing to such a predominance in the membership of Saskatchewan farmers, it may be also that experimenting in marketing may also have been the cause of some loss. The Pool, as a selling agent, incurs no risk, for it is obligated to pay over only what it receives. The selling risk remains with the grower. If the Central Selling Agency through ill-fortune or inexperience in selling, loses money, the Pool members are the ones who suffer as a result.

The profits on capital in the grain business can only be equal to the profits gained in any other line of business carrying the same risks. If the profits were above this average the influx of capital into the business would eventually bring them back to that level. It is possible that particular parties in the trade may make temporary extra profits, but these are more likely to be at the expense of less fortunate firms than out of the farmers' grain.

In eliminating the middleman in order to get his profits, the Pool also took the risk of sustaining his losses, and judging from the prices they have been able to pay, it is probable that these losses have been met with to some extent.

In allowing the farmer to ship his grain at his own convenience, it is possible that many of them have marketed their grain too late to take advantage of the lake and rail rate. The difference in lake and rail, and all rail rate on any considerable amount of grain would amount to a sum sufficiently large to affect an appreciable lowering of the price payable to the Pool membership.

In developing a direct export business, insofar as this is successful, the lessening of intermediate transactions should save expense. The element of risk of loss, however, is ever present. Taking the one item of chartering ocean tonnage, the question

of policy is one requiring much thought and expert knowledge, and even then the element of speculation enters to some extent. Assuming as a possibility, that the Pools in 1924/5 chartered ocean tonnage in advance at an agreed upon rate per ton, and then found that owing to a lowering of rates, the sum they had contracted to pay was more than they would have needed to pay if they had merely chartered space as they needed it. It is possible that if such a thing had happened that they would decide the policy to adopt for the 1925/6 crop would be one of chartering space as they needed it. If this supposition had been acted upon, then owing to the coal strike in England causing all the east-bound rates to rise considerably, the cost of shipping the grain must have been greatly increased, with subsequent loss to the members of the Pool.

It might be argued that private exporters would possibly lose similarly; but their loss would have to be borne by themselves as the non-Pool member has already been paid for his grain and therefore has no further interest in it. The Pool member, however, is vitally interested in all the transactions, as their success or non-success means more or less money to him.

Whatever the reasons for the Pool's failure to meet the price of the private traders, there are signs that important modifications of theories may be taking place in the minds of Pool leaders as a result of the experiences of the last two years. The fact that emphasis is now being laid on elevator policy and very little is being said of the special objects which were so prominently treated in the period of organisation, such as orderly marketing, eliminating of speculation, stabilising prices and substituting a new trading system, may be negative signs of such modifications. Mr. McPhail in a speech already quoted from says: "Just a word about the selling

policy. It will not be long before an announcement of the final average price to be paid for the last year is made. I am not prepared to say whether it will be satisfactory or not. It will depend upon the viewpoint of each individual in the country; but I would point out this, that there are factors other than the price of wheat which have to be considered in determining a sales policy for the year when you have close on 200,000,000 bushels of wheat to market over a period of twelve months".

Mr. Ramsey, Secretary of the Central Selling Agency, speaking over the radio January 31st., 1927, said in effect that the organisation of the Central Selling Agency was not complete; that it was slowly gathering information and experience in marketing and especially world marketing. A marketing machine was being evolved and it would take time. The tendency was for the proportion of direct export business to steadily increase and this, he claimed, was responsible for the stability in prices evident this year. He concluded by saying "We are groping for a system of marketing our farm products" and promised that what he called the insidious propaganda of the private interests would be counteracted by the Central Selling Agency giving more information about its activities.

The remarks of the secretary of the Central Selling Agency would appear to offer some explanation of the lower prices paid by the Pool; and go to show what was obvious from the first; that the marketing of wheat as carried on before the Pools came into existence was being done by individuals who thoroughly understand their business. When the Central Selling Agency has finished "groping" there is no reason to believe that they will be able to market the grain better than the private traders, whose only interest it is. propaganda facts

There seems a weakness in classing ^{as} insidious propaganda facts

and figures which have been proved, and which are open to inspection at any time.

The Pool has all the facilities of the private traders. When it started, membership in the Winnipeg Exchange was acquired and the Pool enjoys the advantages of this institution along with other members. It buys and sells in both cash and futures markets. It trades on the Exchange to the full extent it finds it profitable to do so, and the price basis governing the Pool's export business is the daily quotations on the Winnipeg Exchange.

Elevator facilities have also been granted to the Pool. Under contract private elevators handled grain for Pool account, and financed Pool grain passing through their elevators. This was of great practical assistance to the Pools, as at the beginning they had neither capital nor reserves.

When we consider the foregoing facts and see that the Pool system of marketing has had every opportunity to compete with the open market system, and has not so far succeeded in paying so high a price, it hardly seems improper if the private traders point out that fact.

DEFERRED PAYMENTS.

Before the Pools started, the established system in grain trading was to pay spot cash to the seller. Grain in any position, from the farmer's wagon to the warehouse in Europe was a cash commodity.

The Pool has made no changes except that it does not pay the full cash value when it buys the wheat. Everything remains as before in respect to the harvesting and moving of the grain, and the Pool, when it sells, sells for cash. Only in respect to paying out the money is there any change, and the question arises as to the effect of this on economic conditions in general.

Hawtry says, "Credit originates in production and is extinguished in consumption". If the returns from the consumer are not at once available to the producer in full amount, then the amount outstanding must still remain as credit. The natural circulation of credit as regards grain production is interfered with.

Credit advanced for grain production can not be used for other purposes. The farmer selling for cash is able to pay off his indebtedness and so release credit for other enterprises. The balance is thus not disturbed and the value of the monetary unit tends to remain stable.

The method adopted by the Pool, working on the assumption that the Pool farmer uses credit to the same extent as the non-Pool farmer, will tend to keep credit tied up in grain farming for a longer period. There will thus be less credit to advance for other work, and this will cause that work not to be undertaken, or to be postponed, or to hamper its success by causing a higher rate of interest to be charged.

The effect of deferred payments would thus seem to tend to work to the detriment of other businesses, and have an effect on national prosperity, which might be serious in a new country such as this, where credit is so important.

The retail store keepers at country points usually grant credit to the farmers on the expectation of being paid when the farmer's crop is harvested. If the partial payment received by the farmer is insufficient to enable him to pay off all his indebtedness, and among those asked to wait is the store keeper, the latter might be in the position of being unable to meet his indebtedness to the wholesaler, and thus business generally is liable to be disturbed

including the banks.

It will be easier to see after some time has elapsed, what the economic effects really are. If the farmer is able to finance himself for one year, then by receiving a fairly large payment on delivery of his grain, a second about the time spring work begins, a third at haying time, and a fourth during the harvesting of a new crop, he will be able to finance himself on the basis of his last year's crop. One eastern banker is quoted as having said that the experience of his bank was that the Pool operations, in the way of an initial payment on delivery, and later payments on the average market price of the grade supplied, had worked out among many farmers to their advantage. The farmer was getting ahead instead of having to use bank funds for the future crop.

The "advantage" mentioned by the banker, must have meant an advantage to those farmers who are not able to use their money wisely. Experience has shown that many farmers are not versed in the best methods of apportioning their funds. In times of temporary prosperity they forget that the money received has to take care of all expenses till the next harvest comes around, with the result that they have to ask for credit sooner than they should. To such farmers, partial payments acting as a check to extravagance, or encouraging thrift, are certainly, taken in that sense, an advantage, both to them, and in the long run, business in general, as it will have a steadying influence. But to the farmer who is also a business man, it is less easy to see how he gains any advantage by having to continue to pay interest on outstanding notes, or lose interest on deposited money, because he has to wait for money rightly due to him. Money is certainly worth as much or more to the farmers and merchants than it is to the Pool.

This system of deferred payments seems to be a weakness which, however, must continue as long as the Pool carries on the policy of paying in full for the farmers' wheat only after as much as possible has been sold within the crop year. If all the members are to receive the same average price according to grade, then they must wait till it is possible to arrive at what the average price is. It is one of the sacrifices which co-operation calls for.

PROPOSED FORMATION OF AN INTERNATIONAL WHEAT POOL.

In February, 1926, a meeting was held in St. Paul, Minnesota, to discuss the formation of an international wheat-pool. Another meeting is to be held in Kansas City, March 16th., 1927. Separate wheat pools are at present in existence in the United States, Canada and Australia, and it is proposed to invite to the Kansas City meeting representatives from Russia, Argentine and India. The object is to organise and co-ordinate the chief exporting countries in the hope the Pools in these countries would control the greater part of the world's export wheat, and by concerted action try to raise the general level of price. One of the questions that is to come before the meeting in March is "How can we get a better price for our wheat?". Canadian Pool leaders are taking a prominent part in trying to form this combination and representatives have visited Australia and Argentine. No information has yet been made public as to how this difficult undertaking is to be accomplished but the idea behind it is certainly the elimination of competition.

WHY THE POOL WAS FORMED.

There seems little doubt that the farmers joined the Pool because they thought the private traders were not paying the producers the value of their wheat. Having no knowledge of how marketing was

carried on, they believed that such proceedings as hedging, and dealing in futures, necessarily meant that the farmer's wheat was being manipulated to his disadvantage. The fact that the prices changed from year to year, and sometimes during the year, was sufficient evidence to them that the traders were speculating, holding wheat off the market when they wished a higher price, and loading it on to the market when it was in their interests for the price to fall. This feeling of antagonism has been encouraged by the promoters of the Pool in the hope of increasing membership, and judging by the larger membership from year to year, they have been fairly successful. In order to see whether the farmer is justified in his suspicions, it might be of interest to briefly mention why hedging and the other operations of the market are necessary.

HEDGING.

In grain dealing a hedging sale arises when a country grain dealer, a terminal buyer, a miller or an exporter, buys grain in the cash market, and sells futures contracts of an equivalent amount as protection against a fall in price during the time he has the grain in his possession. The idea is that if the price of cash grain declines, a similar decline will probably occur in the futures market, and the loss realised on one transaction will be offset by a gain realised on the other. Hedging enables the operator to regulate his business on the basis of his ordinary trade profit. The possibility of speculative loss or gain is largely done away with. By reducing the risk of loss, hedging makes it possible to carry on trade with a smaller margin of profit, thus making it possible for grain producers to receive higher prices.

Referring to the possibility of hedging enabling better prices to be paid, J.G. Smith in his "Organised Produce Markets" quotes

"In the absence of hedging, every one in the grain business, from elevator company to exporter, would undoubtedly demand a greater margin of profit on account of the increased risk. It is practically the unanimous opinion of men intimately connected with the grain trade, that the abolition of future trading which implies the elimination of hedging, would result in the farmer receiving less for his grain. There is no doubt that, without the protection of these hedging transactions, which enable a large volume of business to be done along a small margin, everyone handling grain would require a larger margin of safety, and this in the end would come out of the grower. If trading in futures were eliminated, the farmer would surely have to take from five to twenty cents less for his wheat".

Similarly other market operations, which, owing to his lack of knowledge, have aroused the producer's suspicions, may be shown to work to his advantage. The effect of speculation in regulating price and distribution, is not understood by the farmer. Marshall, in his "Industry and Trade" dealing with this question, says in effect that some speculation is sheer gambling, and benefits only the winner at the expense of the loser; but other kinds of speculation may be called constructive because they add to the world's wealth. Thus, if a man believes that the supply of anything is likely to run short, and if he backs his belief by buying, either outright or for future delivery, he is increasing the supply of that thing when and where it is most likely to be wanted, and checking the supply of it when and where it is less wanted. On the Grain Exchange a man who buys for future delivery increases the present price but stabilises future price if the supply is

shorter than expected. The operations of future buyers are recognised as equitable.

It would seem from the foregoing explanations that speculation in his product does not appear to have the effect on the price received by the farmer that he thought it had, and that the farmer will have to look elsewhere for the reasons for his financial difficulties.

In an article in "The Saturday Evening Post" January 29th., 1927, entitled the "Unsolvable Farm Problem," a writer deals with the efforts of United States farmers to get a fixed price for their product guaranteed by the government. This artificially high price is to be in favour of a few specialty crops, among them wheat. He goes on to show that growing wheat is a highly speculative business, with its plant only working thirty days each year. He asks how any business could permanently succeed which used its machinery for so short a time, and then neglected it for the rest of the year. He pleads for diversified farming and says this will yield greater returns over a longer period.

The farmer who raises wheat only is carrying a risk which co-operative marketing can not remove.

What it costs the Canadian farmer to produce a bushel of wheat can not in a world market determine the price he shall receive for a bushel. The competitive market price is based upon the lowest possible cost of production, that is the minimum profitable selling price. This is the price the Pool can get for the farmer, and no more, and this is the price he has been receiving from the private traders.

It is the business of the grain trader to sell grain, but he is not responsible for, nor can he control, the farmer's cost of

production. If the farmer is not making ordinary profits, he can not blame the grain trader, he must look to other causes. The extensive farming carried on by many of the Canadian wheat growers demands the use of farm machinery, and this is a very important item in his costs. The Canadian Government has seen fit to protect the manufacturers by placing a heavy tax on imported machinery. For this reason the farmers' ploughs, seeders, threshing-machines and so on, cost him more than they should. If the Government wishes to help the Canadian farmer to compete on equal terms with others in the world market, it can do so, to a great extent by removing all or a greater part of this protective tariff on the things he uses.

CONCLUSION.

Whatever may be the benefits of the Wheat Pool to the farmer in its sociological aspects, as far as it is concerned in marketing his crop it does not seem likely that it can differ very much from the ordinary private trading system. This system, has been built up by traders in all the trading countries of the world and is the result of the experience of years of keen competition. There may be some slight changes in the system as time and experience show they are necessary, but it does not seem at all probable that it will be superseded by the Wheat Pools.

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