

# Farmers Not United on Wheat Control

## Causes of Price Drop Analysed—Absence of Britain from the Market Chief Factor

(By E. CORA HIND)

If the price for wheat was as satisfactory as the weather all would be well but a lack and alas it is quite the contrary and in many districts of Saskatchewan and Alberta, more particularly, there is a great clamor for the return of the Canadian Wheat Board.

The Winnipeg Grain Exchange and the Union Government come in for much abuse, the Grain Exchange being mainly held responsible for the decline in prices, the fact that the Government is the body responsible for doing away with the wheat board and that American wheat prices, over which Winnipeg could have no control have dropped more than our own is not given consideration.

It is not considered likely that the Government will attempt to revive the wheat board. Last year the market was open eight days with limited trading and it has taken the Government more than a year to clear up those few open contracts. This year the market has been open for two months and in addition to all the open trades there are big contracts in both Sterling Exchange and Canadian exchange with the United States. There are big contracts for Lake Tonnage running from eight to ten millions bushels; there are big contracts for ocean tonnage, there are contracts for wheat all rail from Buffalo to seaboard, there are options against Canadian western wheat in Chicago, Kansas City, St. Louis and Minneapolis exchanges. It is inconceivable that the Government could close up the market, assume all these contracts and market the crop without enormous dislocation in the marketing of the crop.

### Why Prices Drop.

With the very general knowledge that there is not a great surplus of wheat in the world the falling price continues a puzzle to many. Its a question whether, wheat board or no wheat board, high prices could have been sustained but the fact that there are many selling agencies on this side the water instead of only one as under wheat control naturally makes for a competitive market and the foreign buyer undoubtedly is inclined to wait for exporters to under offer each other in order to secure trade. This is a natural consequence of open trading even though the members of the various exchanges, the exporters among them, were really anxious that prices should be maintained at a high level, knowing as they all well did, that any serious slump from last year's level, would immediately create a demand for the return of controlled markets and being pretty well assured that if control was again resorted to, it would be a more or less permanent thing.

The real crux of the situation is that Britain has not been buying and in spite of the fact that the American markets have absorbed a very unusually large amount of our wheat, this has not been sufficient to sustain prices even though, through American channels as well as direct, there has been considerable sales for export to such countries as Spain, Italy, France, and Belgium. Another factor in lowering prices has been the practical total absence at Winnipeg of speculative trade. The limited lines of credit allowed and the high margins asked by the clearing house have as effectually eliminated speculative trade as if it had been actually banned by Exchange Regulations.

### Britain in No Hurry.

The outlook for Britain coming into the market in the near future is not very bright. The manager for Canada of the Scottish Co-Operative Society, yesterday, received a letter from his head office at Glasgow, enclosing a letter from the head of the British buying commission in which it was openly

stated that that commission would not be in the market for Canadian wheat for many weeks to come, and this letter was dated September 25.

There is not much doubt that a very much larger export in wheat from the west could be worked to the United States were it not for the poor condition of their transportation facilities, but when wheat is pouring through Winnipeg at the rate of 1,200 to 1,300 cars a day and an average of 1,255 bushels to a car it takes some absorbing.

The falling prices have materially checked selling for the time being, and though wheat is moving rapidly to lake front it is not being liberally offered on the exchange and in consequence it is not being shipped from the head of the lakes as rapidly as it should be if there is not to be congestion when navigation closes.

### Wheat Cost \$2 a Bushel to Raise.

There has been considerable talk of a farmer's pool to sell their wheat but this is not regarded as likely to be pulled off for two reasons, one is that the farmers are not sufficiently united on the matter to get together this season and, the other is the question of finances. The attitude of many of the farmers in regard to the return of the Wheat Board is also in a state of flux. They want the Wheat Board but they do not want it as a permanent thing and there is pretty good ground, as already been stated, for believing that if it is restored it will be a permanency for some years at least. There is small wonder that the farmers feel sore over the very unexpected drop in prices. It is very questionable if any wheat was raised in the west this year for less than two dollars a bushel and a good deal of it cost more than that, yet during the recent drop in prices wheat for December delivery, sold at some points in Alberta for as low as \$1.60 per bushel. Nothing that the farmer has to buy has dropped in price in proportion to the drop in the price of his main cash

commodity and quite naturally he does not feel that is getting a square deal. This fall in prices which is so very apparently due to the absence of Britain as a purchaser of our wheat gives rather a black eye to the manufacturers contention that more than 80 per cent. of products produced on the farms of Canada are consumed in Canada.

### Car Shortage.

Car shortage on Canadian National Railways continues to be of a very acute order. Many coal dealers throughout the west continue to assert that they have full stock of coal on hand, the railway officials declare there is an acute demand for coal but do not give any definite destination for the 200 cars daily being shipped from the Drumheller mines, though they claim that only a very small percentage is going to Ontario and that only to such points as Fort Frances and the like in the north west of that province.

With the loading of western coal on C. P. R. mines exceeding the loadings of last year by over 500,000 tons, people wonder where all the coal is going to more especially as the railways admit they are exceptionally well stocked for their own purposes.

### TRADE CONDITIONS.

Although there has been a distinct falling off in the demand for some lines of paper in sympathy with the skidding of prices in other commodities the Canadian paper trade stands out as the one line of commercial activity in which entire confidence is expressed for the future. Prices have not only remained firm in practically all lines but there are those who predict that the upward trend has not yet ceased. Newsprint, for instance, is expected to go to 7½c. in the first quarter of the new year and there may be increases in other lines which may well be said to have reached their peak. The lessened demand for paper is found only in the consuming end of the trade and there is a noticeable hesitancy on the part of the printer to stock up. But the jobbers are still out after all the paper they can get and in most lines, notably, book, they are unable to get their full wants supplied from the mills, which are still months behind with orders.

## Bank Sees Trend Towards Lower Prices

### Lessened Demand for Commodities

In practically all business centres in Canada a condition is developing in which labor has to seek employment whereas from the beginning of the late war until the present time the supply of labor has not been equal to the demand, says the Canadian Bank of Commerce in its October letter on trade conditions. Employers are now in a much better position to adjust their labor forces so as to obtain more efficiency, and the effect of this has been in evidence for some time past. On the other hand, there has been a marked diminution in the demand for many classes of commodities. These two tendencies—the one towards greater efficiency in production, and the other towards more careful purchasing — will accentuate the trend towards lower prices.

In the absence of any marked changes in wage schedules, however, and with only a slight surplus of labor on the market, it would appear that the decline in prices cannot be rapid. Retail merchants in all parts of the Dominion continue to purchase on the basis of their day-to-day requirements, and as a rule are taking steps to reduce their stocks to conform with the present situation. Public discussion of the downward trend of prices in the case of certain commodities has left an impression that the country has entered upon a period of sharp decline in all markets. This view has apparently been accepted by a large section of the

general public, but does not appear to be justified so long as wages, transportation charges and other factors in the cost of production remain on their present basis.

Slackness exists only in a limited number of industries; the majority continue active and have orders on hand which will keep them busily occupied for some months. It is obvious, however, that output is nearer the point at which it will be equal to demand than has been the case for some years. This is due in a measure to the moderating of demand, a tendency which may be reversed by the distribution of the proceeds of this season's crop. Cognizance must also be taken of the fact that labor generally is becoming more settled, so that there is less industrial strife and more evidence of efficiency.

### ENQUIRIES FOR CANADIAN FLOUR.

From a number of foreign countries prospective buyers of Canadian flour are sending enquiries to the Canadian Trade Commission. From the Trade Commissioner at Paris has come a letter asking quotations on 10,000 tons, or roughly 100,000 barrels of flour, for shipment to Hamburg, Germany. From Accra, West Africa, has been received an enquiry for 10 tons. Quite recently 500 tons, or approximately 1,000 barrels, of Canadian flour was sold to Greece through a New York broker.