

# Government Should Encourage Combines

*FIXING the price of wheat for instance at \$2.20 a bushel fixed the purchasing power of the dollar at the time when the P. P. of D. was at its lowest point.*

THEREFORE

*THE Government conferred a boon on the people when it prevented open competition from forcing up the price and still further lowering the P.P. of D.*

## Third of a Series of Articles on the Limits and Possibilities of Price and Food Control

HON. THE MINISTER OF AGRICULTURE PLEASE TAKE NOTICE

A TRUE physician treats the disease and not the symptoms. He knows you can remove effects only when you remove their cause. So does the true statesman. This marks him off from the mere politician, and the distinction was never clearer than to-day. The symptoms of social and economic trouble are staring us in the face. The mere politician will yield to the clamor and apply a nostrum. He will concern himself with the symptoms, while the true statesman will concern himself with the deep-lying cause. Excessive prices are symptoms of economic trouble, signs of a disordered economy just as much as excessive temperature is of a fevered body. To lower prices by statute and decree and to do nothing more is like lowering the temperature of the fevered patient by a cold bath and expecting the fever to be thereby cured.

Price is an effect—the conditions of the supply and the demand are the cause. Statesmanship must in the main be directed not to prices, but to the supply and demand conditions whence they spring. It is a hard business, of course, very hard. But, as a Greek poet said, the wise doctor doesn't sing incantations over a sore that needs the knife. On the supply side all our efforts to produce and save, invaluable as they are, will fall short of the requirements of our Allies which it is our honor to seek to satisfy. But there is another side, and here organization and control can have an immediate effect. In many cases demand can be organized and controlled far more easily than supply. In respect of every vital article of food the demand side should be organized in this time of need. There should be no wild scramble between the buyers of wheat or cheese or butter or any other commodity in great demand, whether the buying be for home or export trade. There should be no uncontrolled competition between packers, for example, each seeking to get as large a share as possible of the too limited hog supply. Concerted buying, under government regulation, with, if necessary, allotment determined by the urgency of the need, would check unnecessary inflation of price more surely than anything else.

Which amounts to saying that the Government should encourage combination! Certainly, for without combination there can be no control. Instead of attacking combines the Government should encourage them, nay, should insist upon them. It should insist upon the producers and buyers of every vital industry being registered in the first place. It should insist on their forming a common council—and then control their decisions. Dangerous, of course; but what would you have? It is the condition of effective control, and effective control is necessary. And the Government has begun to do it. It brought the millers together, for example. It is bringing the packers together. Organize,

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(University of Toronto)

MR. MacIVER has been in Ottawa studying the Problems that Beset J. W. Hanna and his organization. He has undertaken to show where the Food Controller can not control. Article I was "A Study in Rootless Economics," dealing with cause and effect. The effect—the higher cost of living. The cause—scarcity. Article II, on "What Food Control is For," explained the objects of the Food Controller and the dependence of the Allies on Canada.

then regulate—that is the only way to avoid the competition of buyers which in times of scarcity unduly raises prices.

I admit there are cases where it is possible to strike directly at prices without seriously affecting production. In the States, for example, the average price of ship-plates for the first decade of the century was \$33 a ton. The fierce competition of 1917 sent it soaring to \$180. Then the Government stepped in, and reduced it to \$65. Here there was a big margin above the costs of the dearest producer, and that big margin could be docked without any serious effect on production. The

same was true of copper, when the U. S. Government reduced that to the fixed price of 23½¢ per lb. But these are exceptional cases. What happened when the U. S. Government fixed the price of soft coal, first confusion, then a falling off of production, then a revision of the price, revealed one danger of the method.

Let us come nearer home and consider the case of wheat. What has been the result of fixing the price at \$2.20? One good result certainly followed. It stopped the hoarding of wheat by the farmer with an eye to a yet more glorious market later on. Has it also stimulated production? Was \$2.20, a price far beyond any level for which the farmer had worked before, necessary to that end?

It is questionable. There are other factors than price which at present are preventing any great expansion of agriculture. Supposing control had been sought by a strict organization of the wheat buyers (such as would have prevented the wild competition of the wheat-buyers which made the wheat-pits ring last summer and made even \$2.20 seem a moderate price) we would have achieved a flexible instead of a rigid control.

Remember, when the Government fixes prices, especially at abnormal rates, it creates a vested interest, and the trouble about vested interests always is that they oppose their own abolition when they have become dangerous and unnecessary. If applied to a number of vital articles, such as wheat, this method of control fixes the purchasing power of the dollar—at the time when that purchasing power is least. It helps to keep it there. It gives high rates the sanction of authority and an effect of permanence.

For it is difficult to revise prices downward—the vested interest then unfolds itself. Besides, a continuous control, such as the method above outlined, might ensure, is clearly preferable, especially in the enormous uncertainties of the situation, to a rigid, hard-to-change fixation. And above all, by making the regulation of supply and demand conditions the primary thing, we are getting right down to causes. We are treating the disease and not the symptoms.

# Government Should Leave Wheat Alone

OR FIX THE PRICE OF WHAT THE WHEAT PRODUCER HAS TO BUY

*FIXING the price of wheat at \$2.20 a bushel was a piece of Hen-Brained Political Economy, unless you fix the price of labor, machinery, food and clothes.*

THEREFORE

*THE result of destroying competition in the buying of wheat and forcing down the selling power of the Bushel will be—To Discourage Wheat Production.*

HON. THE MINISTER OF AGRICULTURE PLEASE TAKE NOTICE

Box 214, Aneroid, Sask.,  
October 25, 1917.

Unsolicited Letter to the Editor of the Canadian Courier.

By WILBUR K. MARSH  
Farmer at Aneroid, Sask.

I AM a subscriber to your paper and am well satisfied with such. I have noticed some editorials by the people or the public minds; therefore I thought that you would not mind finding some space for a little news which I would like to be put in, in such a shape as the subscribers would be sure to see. It may not be as eloquently worded or such large words used as some I have read, written by other folks, but I will try and explain my message so that anyone or everyone can understand what I mean.

What I have to say may be rightly

called, "Handing it to the Government." Well, that is what I want to do. And I want the public to see and read what I have to say.

As you and all other folks will know, that the Government of Canada has set a maximum price for wheat grown in Canada.

Know why was this done? The Government has given many reasons. For example, they say it is to lower the

price of flour. Well, this is no way to lower the price of flour, nor will it lower the price of anything except wheat. If wheat sells a little cheaper the miller is not going to drop the price of flour. No, by no means, no. Here he sees a chance of making a little more, and he is going to take the opportunity. If the Government wanted to reduce the price of flour, why did they not set a price on flour, after

setting the price on the wheat. No, this would be doing something, and it would hurt them to do a thing right.

One thing which the Government or the persons responsible for the setting of the price of wheat, DID do, was to discourage the farmers of Western Canada at least. They have gone ahead, bull-headed as they always do, and said to the farmer: Here you can only have so much for your wheat this year, thereby cutting down the farmers' profit. On the other hand, did they say to him, "We are going to the manufacturers of machinery and tell them they can only charge you so

(Concluded on page 21.)