

The Grain Growers' Guide

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THE PRICE OF 1917 WHEAT

Much interest is centred around the price that may be fixed for the wheat crop now being harvested. On August 1 the Canadian Board of Grain Supervisors fixed a maximum price of \$2.40 for One Northern at Fort William. On August 17 this was made a definite fixed price until August 31. From now until that date One Northern cannot sell either higher or lower than \$2.40. On the first of next month, however, the Canadian Board will fix prices for the new crop and will undoubtedly fix the spreads on the various grades. Already they have made a regulation prohibiting future trading after the first of September. Speculation in wheat will therefore be impossible in Canada in connection with the new crop. But what will be the price fixed for the new crop by the Grain Supervisors? Nobody knows. Probably the Supervisors themselves do not know. It depends largely on the action taken in the United States. It is known that when the Canadian Supervisors were in Washington a couple of months ago the opinion of the American authorities was that the price for the 1917 crop in the United States should be fixed at \$1.90 per bushel, for wheat corresponding to our Canadian One Northern. If such action had been taken then it would have been impossible to have maintained a price as high as \$2.40 in Canada, but the food bill giving power to control wheat prices did not get through Congress until this month. Immediately the food controller appointed his board to regulate the price of grain. The announcement is made that the United States prices will be fixed on or before the end of this month. The price will probably be \$1.90 or \$2.00 per bushel for One Northern. If that proves to be the case it will be very difficult, if not impossible, to fix a higher price in Canada unless by special arrangement with the British government.

No little criticism has been aroused in Western Canada because Minneapolis and Chicago prices have been so much higher than Winnipeg prices since the Supervisors fixed the price of \$2.40 as a maximum and prohibited the export of wheat to the United States. If a maximum price of \$2.40 had not been fixed there would have been a big speculative boom in Canada because the British government needed wheat to fill the boats on the Atlantic seaboard. Had the British government been forced to go into the open market here and buy their requirements in competition with the mills and other buyers, undoubtedly the price would have been forced up to \$3.00 per bushel and possibly to \$4.00 per bushel. Most of our wheat was out of the farmers' hands and the speculators would have been the gainers, but the price of flour would have gone up also, probably about \$3.00 per barrel, and the consumers of Canada would have been very hard hit. Very little injustice if any was done to Western Canadian farmers with wheat to sell because they were permitted to ship their wheat south and get the American price. The Board of Supervisors did not refuse any farmer permission to ship his wheat south, but there was frequently difficulty in getting cars so that very little wheat went south from farmers. No dealers were permitted to ship south except out-of-condition wheat, seed wheat, or wheat that had been sold before the \$2.40 price was fixed. Canadian millers were beginning to ship some flour across to the United States and get the advantage of the higher prices prevailing. The Board of Supervisors, however, took up this matter with the food controller of Canada and on August 17 a regulation was issued prohibiting the export of flour to the United States. It would seem that the

interest of Canada generally. It may have been a hardship to some dealers who had purchased their wheat at a higher price, but it protected the consuming public from a higher price for flour. It also enabled the British government to get our wheat at a reasonable price the moment that they needed it very badly.

The higher prices in the United States were merely temporary. As soon as the American food controller announced his board for the fixing of wheat prices the American markets all dropped and went below even the Canadian price. The American dealers were aware that the price fixed in the United States would probably be around \$2.00 which is the reason that American prices have dropped to such a great extent. There is, therefore, at the present time, no inducement for Canadian farmers to ship their wheat across the line, and probably will not be for another year. This will eliminate the advantage that would come to our farmers from having the duty taken off wheat going into the United States. But it is essential at this time that prices should be fixed on all the essentials required across the water for the prosecution of the war. Had the Canadian government fixed the price of \$1.30 for the 1917 crop as was proposed to the Canadian Council of Agriculture last March, the loss to the Canadian farmers would have been enormous. It is now certain that the Canadian price will not be fixed under \$2.00 and possibly may be fixed above that figure. A fixed price of \$2.25 per bushel for Canadian wheat for the 1917 crop, if all speculation is eliminated, would seem to be a reasonable figure and would be much less than the wheat would bring on the open market. If a price is fixed lower than this it would be only reasonable to expect that there should be price fixing on a large number of necessities which the farmers have to buy and which enter into the production of their wheat and which have been increasing in price very rapidly.

THE C.N.R. DEAL

While public opinion generally is in favor of nationalizing the Canadian Northern Railway, there is some justifiable apprehension regarding the cost of the undertaking. The government plan is to acquire the remaining \$60,000,000 of the stock of the company which will make the government the sole owner of the road. In the report published by Sir Henry Drayton and W. M. Acworth, they pointed out that the C.N.R. promoters had really no equity in this \$60,000,000 stock. In other words, because of the heavy obligations of the company they contend that the stock had no cash value. A couple of years ago when the government acquired \$40,000,000 of the stock, it was stated that its value was about seven cents per share. Sir Thomas White, finance minister, stated in the House the other day that the Drayton-Acworth report did not consider all the assets of the company, and therefore their decision as to the value of the stock could not be final. The government proposes to have the value of stock settled by arbitration. The government arbitrator will be Sir William Meredith, Chief Justice of Ontario. The C.N.R. will appoint a second arbitrator, and these two will appoint a third, or if they fail to agree upon the third, he will be appointed by the Chief Justice of the Exchequer Court of Canada. If arbitration is the method to be followed, this seems a fair method of appointing the arbitrators, but every safeguard should be provided to ensure that the promoters of the road are not getting too big a rake off in the deal. For that reason, it would be wise for

the government to reserve the right to accept or reject the decision of the Board of Arbitration. On a proposition of this magnitude it would seem quite reasonable that the decision of the Board of Arbitration should be submitted to the next parliament to be passed upon. How much the promoters of the C.N.R. will make out of stock manipulation nobody knows, but it can safely be assumed that it will be a tidy sum. The fact that the C.N.R. promoters are apparently quite satisfied with the present deal arouses widespread suspicion. For form's sake at least it would have been better to have heard them all kicking and kicking hard. We may take it for granted that Mackenzie and Mann will make more by selling the road to the government than they would make by operating it themselves. No doubt there will also be a very satisfactory contribution to the campaign funds, and as usual, probably both political parties will benefit thereby. But even though the cost will be high it cannot be any higher than it has been under the old system of giving the C.N.R. promoters all they want from the public treasury with no return. The government and parliament are supposed to further the interests of the people in this proposition. The people want the road to be nationalized and they want the cost as reasonable as possible.

TO PRODUCE MORE WHEAT

The greatest absolute need at the present moment is that the soldiers at the front and the civilian population in Britain, France and Belgium have a sufficient supply of food. The food mostly required is wheat flour. Practically the only available source of the extra wheat required is Canada and the United States. The wheat crop in both countries is short. The shortage will continue under any circumstances, whether the war continues or not, until the harvest of 1919 is completed. The big question then is how to produce in 1918 and 1919 every possible bushel of wheat in the prairie provinces of Western Canada. The farmers are already doing nobly. High prices undoubtedly afford great incentive to production, and patriotism affords additional incentive. Farm labor is extremely short in the West and wages very high. The longer the war continues the shorter will be the supply of farm labor and probably the higher the wages. Patriotism and high prices will help to increase the wheat crop next year, but will not increase the supply of farm labor. The only thing that will offset the shortage in farm labor is an increased use of labor-saving machinery on the farms. There are many millions of acres of land in the prairie provinces capable of producing wheat that are now producing nothing beyond grass or weeds. The food controller is endeavoring to reduce the consumption of wheat and wheat flour in Canada. The total amount of wheat eaten in Canada per year is probably slightly over forty million bushels. If the food controller reduces the consumption of wheat by ten million bushels he will be doing excellent work. It would be equally, yes, far more to the advantage of the country generally, to produce an extra ten million bushels of wheat than to reduce the consumption by that amount, but if both can be done so much the better.

All farm machinery is now heavily taxed by the customs duty. If it is brought in from the United States the duty is paid into the public treasury. If it is made in Canada the price is just the same and the tax goes to the manufacturer. The food controller has no authority over the duty on agricultural implements, but the Dominion government has full authority. Under the War Measures Act the Dominion government could place all