

ers were told that their line of credit would only be half of what it was before, to one dollar a bushel.

Sir Richard Cartwright:—The position which Senator Watson was leading up to was this,—and we had evidence of it brought before some of us—that at a very large number of purchasing points throughout the Northwest for a short time it was impossible to obtain money enough to buy the farmer's grain. You are not in a position to deny that statement are you?

Mr. Knight:—No. Last September when I was in Winnipeg, I was asked as a representative of our Association, about the situation that was then becoming a little acute, and I remember making this remark, that if any one would stop to think he should not get angry over this situation.

Sen. Watson:—Nobody is getting angry.

Mr. Knight:—Some things have been said which might make a practical banker angry, but I am not myself a banker, and consequently I will not complain.

Sen. Watson:—But the gentleman will not admit anything.

Mr. Knight:—You do not suppose that I will admit the truth of your statement. That is our particular business and a banker knows what he is about.

Sen. Watson:—That is what the bankers were doing last fall. They would not supply money to move the wheat.

Sir Richard Cartwright:—We are perfectly aware of that and we have been taking measures to lessen the difficulty arising from the scarcity of currency. I am speaking of currency as distinct from capital; the currency supply may be rather limited. You may require more currency and you will get more currency if the present measure is allowed to go through. You will be allowed to extend your circulation whenever special conditions prevail, such as the moving of the crop. Now I shall be pleased to hear from you gentlemen, with respect to the grain growers.

Sen. Watson:—Before we leave this matter, there are several gentlemen in this room, who gave myself and Senator Young the information which I have just stated in connection with the grain trade. I would like to ask some of these grain men to make a statement here as to the conditions prevailing in Winnipeg.

Sen. Young:—To show whether your statement is right or wrong.

Mr. McWilliams:—The statement made by Senator Watson is quite correct. Quite a number of grain dealers were given at the start, the same line of credit they had the year before, but when they had used about 50 per cent, of it the banks called them over and said: "We cannot give you any more money, or we can only lend you money to buy whatever wheat you can get shipped out, and we cannot lend you money to buy grain in store in the country. Consequently when the dealers had used up about half the line of credit they had the year before, they could not get any more unless they could get cars to ship the grain out. It is customary, at the close of navigation, to fill the country elevators and then borrow the money to carry that grain till May. Last year the banks refused to advance the money necessary to carry that grain.

Mr. Turriff:—May I ask this gentleman if the statement that was made last year by some of the grain men that they could not get money from the banks to take the wheat out of Ft. William to Montreal, is true?

Mr. McWilliams:—That statement is perfectly true. They could not get sufficient money to move the grain from Ft. William on account of the cost of exchange, as explained by Mr. Burn. Both the exporter and the country elevator man were hampered on account of funds and that is responsible for the wide spread between the street and track prices of wheat in the country and is also responsible for the large profit there was in the exporting of grain for a short period. The difference was wide be-

cause they could not get money to buy wheat and ship it.

Sir Richard Cartwright:—Do I understand you to say that of your own knowledge, for a considerable period, the grain was locked up at Ft. William and transportation was practically suspended?

Mr. McWilliams:—Yes Sir. There was a short period when you could not sell wheat at Ft. William. You could sell it in a limited way, but at one time there was anywhere from 5 to 10 cents profit in exporting wheat. There was only a limited amount of money to be had to buy wheat with, and, as Senator Watson stated, just as soon as it became known that the Government was going to come to the assistance of the grain dealers, grain advanced 5 to 6 cents a bushel, so that that wide profit was taken up at once.

The above statements, established on the evidence of men who are supposed to know what they are talking about, show:

1st—That the grain crop of 1907 was held up at Ft. William before the close of navigation for want of funds to forward it for export.

2nd—That the banks did not at that time reach within \$12,000,000 of their limit.

3rd—That they had not reached as near their limit as in former years—notably in 1903.

4th—That some grain firms had all the money they needed from the banks while others had their line of credit reduced by half—

5th—That the Bankers' Association, who manifest such solicitude for the grain to pass out of the farmers' hands without delay, created conditions that held up the wheat at Ft. William—

6th—That the conditions thus artificially created enabled the favored grain firms to make enormous profits—

The only explanation advanced by Mr. Burn for the extraordinary hold up of wheat at Ft. William at a time when every consideration should be given for converting that wheat into cash, was the excessive cost of 60 day sterling exchange. When cross-questioned he was forced to admit that that only accounted for about 1c per bushel of the 8 or 10 cents spread between the export value of wheat on what the favored dealers had to pay for it at Fort William, and any other explanation that has been attempted only makes it more apparent to the man on the street that he has to look elsewhere to discover the true inwardness of the situations that obtain in the wheat trade of Canada.

An examination of the published lists of the managers and board of directors of the grain banks and the favored grain firms, might afford a clue. The appearance of the names of the same men as being bank managers and directors of grain firms, and vice versa, in the face of such facts as are revealed above, is liable to create suspicion. What, for instance, is more natural to expect than that E. S. Clouston, President of the Canadian Bankers' Association, and Vice-President and General Manager of the Bank of Montreal, should endeavor to create conditions that would enable E. S. Clouston, Director of the Ogilvie Milling Company to make large profits out of the grain handled by his firm. Add to that the further fact that the corporate form of management makes it possible to place an income bearing certificate in the hands of a person not actually connected with a given business, and you have a possible explanation that was not forthcoming at the Ottawa Conference.

Were it possible to scrutinize the dividend paying sheets of the "Interests" employed in placing our grain on the consuming market, we anticipate the actual explanation would be discovered of why the bankers and railroad officials are so concerned in depriving the farmer of the privilege of shipping his own grain and forcing all the grain into the hands of the Northwest Grain Dealers' Association.