

Conditions in the West

By E. CORA HIND.

Winnipeg, May 24, 1917.

To-night a big deputation from the Winnipeg Grain Exchange leaves for Ottawa via Chicago, and will be in consultation with Sir Geo. Foster, Monday, on the subject of the handling of the incoming crop. Trade is very much at a standstill. The interest in May is well cleaned up and considerable progress made with July, but conditions are still far from satisfactory and the speed with which the Americans are getting their food handling problem under way is making the men in the trade here all the more restless and dissatisfied with the shilly-shallying at Ottawa. After three years of war Canada has no food conservation programme, nothing has been done to prevent waste, little but talk has been done to stimulate production. Experts in the grain trade and representatives of organized producers have not been consulted. The United States has not been in the war more than a month and already they have had gatherings at Washington of representatives from all the big exchanges and all the farm organizations, a permanent committee of these men is retained at Washington in an advisory capacity and delegates have gone back to their various organizations fully apprised of what the food controlling programme is to be and the moment the bill is through congress Administrator Hoover will be able to act and will have at hand all the available export knowledge to serve the public need. Canada should have led in this matter, she is apparently to tag behind. Yet Canada's wheat crop is infinitely more important to Britain and her Allies than that of the United States. Given an average season and Canada can spare 175,000,000 bushels; while if government figures are anything like correct the United States will not have more than 90,000,000 above her own requirements for export. This, of course, applies only to wheat. She will have enormous quantities of corn and oats for export.

The recent events in the Mediterranean lay increasing emphasis on the importance of Canada to the Empire in the matter of food supply. It is no secret that the movement of Australian wheat to the United States and its transshipment across the continent to Atlantic seaboard is occasioned to some extent at least by this menace in the other and more natural route. It also lessens the possibility of Indian shipments.

For a hundred reasons Canada should have well defined plans for conserving food and being in a position not only to feed herself, but to ship the largest possible amount to Britain and her Allies. As yet nothing has been done.

A body to control the conservation of wheat should be in charge at Winnipeg. This is the strategic point from which to operate. Practically all the wheat Canada has to spare is raised in the three prairie provinces and 90 per cent at least goes out through Winnipeg. All the machinery is here for doing the work and a board with a government representative, a man

from the railway commission and another from the organized farmers of the west could, together with the present special committee of the Grain Exchange, handle this whole business, and handle it well, provided they were given the requisite powers. The way in which this committee of the Exchange dealt with the big problems arising out of the closing of the May and July futures is a guarantee of their ability. It is worthy of note that when it came to setting the pace in dealing with abnormal market conditions Winnipeg Grain Exchange set the pace for the continent of America, but when it comes to Government action apparently Canada has to wait on Washington and wait a long way behind at that. We shall see what we shall see after our delegation interviews Sir George Foster.

CROP CONDITIONS.

Crop conditions continue very favorable although at a few points rain would be desirable. The extreme heat spoken of in a previous letter, gave the crop an enormous start, it was followed by very cool weather with frost at a few points which has helped stooing and tended to make the crop more vigorous and now the weather is once more warm and balmy. The trees are in full leaf and all Winnipeg is making special backyard gardens. An immense amount of garden truck will be produced this season.

FLOUR SITUATION.

Winnipeg may be said to have had an epidemic of millers during the past week. The heads of the big milling concerns have suddenly developed an amazing interest in wheat conditions. The flour panic led to enormous sales and after refusing to concur in the agreement to take delivery of July wheat in June at a premium the millers suddenly found that they did need wheat in the latter end of May and the beginning of June, but they have not found it easy to buy. The agent of the Allied Governments not only consented to pay this premium, but has been quite eager to do it and it looks as if he was going to control the July situation.

But this is only one of the troubles of the millers. They evidently came west with the full expectation of commanding the Winnipeg Grain Exchange to open the October option. How were they to contract for flour ahead if they did not know what they were going to pay for October wheat? If it was not opened they would put up the price of flour because they had no hedge. They had meetings with the special committee of the Grain Exchange. These meetings are private, but a little leaks, out from time to time, and if all tales be true the gentleman who arrived to command remained to plead and went away considerably chastened in spirit.

If the Government should make a law that only normal before the war profits should accrue to the millers and all above that go into the public treasury it would certainly be popular in the west.

financial giant of the world—possessing a latent potency that can hardly be grasped—stands pre-eminent, and has been able to maintain her exchanges at practically par. Of course, this is done at an enormous sacrifice in other respects, although it has the strong arm of the Government to sustain it. But that is a matter that need not concern us, as we must recognize the facts as they are.

France, with a supply of gold much in excess of that of Great Britain, lacked the courage to do likewise. Overcome by a fear that she would be weakened in the event of her monetary standard being depleted, she has been obliged to submit to what might almost seem a discrediting condition of her exchange, and it was only after a full study of the situation and only after full co-operation with the giants of finance in London that they have been able to maintain the French exchanges where they are to-day and where they have been since a complete understanding with London was reached.

Italy, always a weak sister in the financial centres of the world, whose circulating medium—the bank note—was on a depreciated currency basis even in normal times (although this depreciation was of a minor degree, still at the same time it had to be recognized as irredeemable currency) witnessed its exchanges going from bad to worse and when these had reached the unusual price of six lire to the dollar the general supposition was that they could not go any lower. In the twinkling of an eye, however, 6.50 was reached and then to 7, was but a step. The next drop was to 7.50, and to-day they are 7.75—a depreciation of 52 per cent. In other words, gold in Italy to-day stands at a premium of 52 per cent. Undoubtedly there will be a reaction, but much cannot be hoped for in this respect.

The recent abnormal decline in the currency of this important country is attributed to the failure of the latest internal loan that was opened for subscription and which, as far as its results are concerned, stood out in such strong contrast to an internal loan that was opened to the public in Great Britain. What the remedy for this condition of affairs will be, when we are again able to devote our minds to thoughts of peace, it is pretty difficult to say. Opinions as to a reaction vary to an extent that is marvellous. It is evident that we are all groping in the dark as to the future.

The use of bank notes has assumed such enormous proportions that very little hope can be entertained as to their redeemability within a reasonable time limit. This is due to the fact that there is not sufficient gold in existence to convey the idea that these issues are subject to redemption. This perhaps is not a matter of such extreme vital importance that disaster can be predicted upon the circumstance, as the full credit and faith of the Government stands behind these issues. Regardless of conditions, the State will always continue to exist and the solidarity of the people behind these issues represented by the State will ultimately guarantee that the people will not be the losers. It is only in connection with foreign trade that difficulties will be encountered.

International business calls for settlement only in three ways—the exchange of products; the granting of credits; and remittances in gold. The legitimate way, of course, is the exchange of commodities. But it is to be feared that it will be a great many years before this exchange will run again along natural lines, and in the meantime it will be absolutely essential that long-time credits be granted. Such credits, of course, cannot be of a commercial character, but must assume the form of obligations payable within a fixed period, thus serving as an investment for the country granting the credits. Unless this method should be adopted the prosperity of the producing country would be jeopardized to an extent that might easily spell disaster.

We will have to take a leaf out of the book of our friends on the other side who have gained pre-eminence in the world's commerce by doing that very thing. The trade of South America, Central America, of the Orient, has all been done by means of credit facilities freely and generously granted, and if we desire to maintain our supremacy in the field of production in the future it is essential that we do the same thing. Of course, our own country is still subject to considerable development, and funds will be needed here for that purpose, but it must be borne in mind that along with the development of our own fields their productivity can only be enhanced by giving them the possibility of producing over and over again what other nations need.

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Finances of Nations Reflected in International Exchange

By JOHN E. GARDIN,

Vice-President, The National City Bank of New York.*

The position of dollar exchange at the present time is a peculiar one, but not as anomalous as some seem to think. The trading nations of the world to-day are the belligerents, that is, those who still have the freedom of the seas. The Central Powers are absolutely excluded and their financial conditions cannot be determined; consequently their position in the world of finance is completely obliterated. Great Britain, France and Italy, in the order named, are now controlling the movement of money in the world, while the United States assumes the position of a huge receptacle into which the wealth of these three nations is poured, giving our country a stimulus in the way of production that has never been equalled. Unless this flood tide can be offset in some way, possibly by negotiation of foreign securities, the result is likely to be a source of embarrassment to us.

In 1871, when France was compelled to pay an indemnity to Germany of one thousand millions of dollars, the world stood aghast at the magnitude of the proposed undertaking. But the world was equally surprised when a nation that had been subjected to such vicissitudes was able to liquidate this ap-

parently huge indebtedness within one-half of the time allotted. It was done with éclat, and firmly re-established France upon a sound financial basis. This circumstance I now mention merely to illustrate how great the recuperative power of a nation is, and there is no doubt in my mind that the European nations that are at present in the throes of a fight for their very existence will, when the war is over, be able to do wonders. In the seventies, and for many years since, in speaking of financial matters, the word "million" was pronounced with bated breath. To-day we think only in terms of billions with a nonchalance that surpasses the blase point. We are becoming accustomed to great things and in the development of our human activity this habit of thinking large will have an effect upon our national character that will ultimately redound to the credit of the country.

In consequence of the prodigious outflow of American products the balance of trade is enormously in our favor, and the result is that every important country is a debtor to us; hence, the exchanges are at a discount to a varying degree. London, the fi-