

FINANCING THE CROP MOVEMENT.

Farmers Need not be Anxious—Mr. Fielding Tells of the Reasons for Government's Helpful Action.

"We can assure the farmers of the West that they need not have any anxiety. There are from twenty to twenty-five millions of bushels of feed wheat in Western Canada. There are thirty days in which to ship this down the lakes. Unless this is moved within that time, the farmers will not have, in exchange, good hard cash. The situation is one of gravity and the Government have adopted certain methods by which they believe that what would otherwise be a crisis, will be averted. Details of the Government's action will be given in due course, but for many reasons I do not deem it advisable to state at present what that action is."—Hon. W. S. Fielding, Minister of Finance, to the Monetary Times.

Since the announcement of Mr. Fielding that the Government had decided to assist the financing of the crop movement, unusual interest has been aroused in business and banking circles. The Monetary Times this week made special and exhaustive inquiries into the situation.

There is a not inconsiderable quantity of bad wheat in Western Canada. A goodly proportion is what is known as feed wheat. This, although of somewhat inferior quality, is, as is known, marketable and, if it can be transported cheaply and sold without being held too long at the elevators or elsewhere, yields profits to all concerned. This portion of the crop is obviously an important and remunerative factor in the farmer's annual money-making period. No hard wheat can well bear the expense of all-rail transportation and can wait without undue inconvenience until the close of navigation.

Money is Short, so is Time Before Close of Navigation.

The farmers have looked to the banks to finance the entire movement. The banks have responded to this appeal and have apparently given aid to the limit which constitutes safe and sound banking. But in view of the lengthy period of money scarcity, which has prevailed throughout the world, the assistance of the banks has, it seems, not been sufficient. The situation is aggravated by the fact that the time for the movement, before the close of navigation, is extremely short. To further complicate matters, the speculators are complaining bitterly that the banks will not finance their operations. This complaint may be dismissed without serious thought, the banks by checking this undesirable feature, having acted wisely.

It is at this juncture that Mr. Fielding, on behalf of the Dominion Government, steps in. The Monetary Times was afforded a special interview with him on Thursday. While he declined, as he has consistently done, to state the methods adopted by his Department to overcome the present inconvenient and grave situation, he stated the reasons which induced the Government to assist the country in the present time of distress.

Government Methods Not of Immediate Interest.

"The matter," he said, "is represented to us as one of extreme gravity; indeed, this is generally admitted. We have received deputations and telegrams from Winnipeg urging upon us the seriousness of the matter. There is, undoubtedly, a crisis. The adaptability of the Canadian is proverbial. It is the duty of the Canadian handy-man to grapple with the problem."

Asked further as to the methods being adopted by the Government, Mr. Fielding said, "It does not seem to me that these methods are of immediate public interest. They will be given publicity in due time. I quite appreciate the position of the Monetary Times, a journal, which I believe, has always advocated safe and sound finance. But I can say this: in my opinion, the steps which we have taken are both safe and sound. Every movement of a Government is criticized; no doubt our present action will be. It is hardly advisable, however, to have a crisis and much criticism at one and the same time. We can assure the farmers they need have no anxiety. This should satisfy them."

Grain Trade Supreme in Canada.

"When the situation is relieved, the details of the Government scheme will be published?"

"Yes," replied Mr. Fielding. "Some may say that the grain trade should stand upon its own base, but this is not reasonable. The grain trade in Canada stands in an entirely different position to any other business or industry. If the farmer cannot market his crop, the storekeeper cannot be paid; he, in turn, cannot pay the Winnipeg wholesale

merchant who, in his turn, cannot pay the Montreal or Toronto manufacturer. So it goes on. It is the dollar that counts, and we are assisting, in a certain way, that dollar."

"The business situation in Canada is giving much anxiety. Business itself is in a healthy condition, but the lack of capital is felt keenly. While the industrial expansion of Canada has been unusually rapid, the banking capital has not increased in proportion."

Mr. Fielding has rightly been obdurate in his refusal to disclose particulars of the manner in which the Government is lending its aid in these critical days.

Bank of England's Action Cited.

A suggestion has been made in certain quarters that the banks will be allowed to issue currency beyond the amount of their paid-up capital. As a fitting panacea for a complaint, similar to that from which the Dominion is now suffering, the suspension of the Bank Act in England, and the important role played by the Bank of England—practically a Government bank, is cited. The Bank Act in England, for instance, was suspended during the Overend Gurney crisis. This, in our opinion, seems a method somewhat unlikely to be adopted by the Dominion Government.

The Government of this country are indebted, and fairly heavily, to at least one leading bank. It does not appear to the Monetary Times a wild suggestion that all, or at least a part of this indebtedness should be paid off by the Government. It is money which, in one sense, is lying idle. Were it placed in the coffers of a bank or banks, to which in reality it belongs, the banking strength of Canada would be immediately increased by several million dollars.

CROP FINANCING IN CANADA AND THE STATES.

Both in Canada and the States there is considerable difficulty experienced this year in financing the regular movement of the crops. With our neighbors the difficulty recurs pretty regularly each year, due, as most people know, to their defective currency system. In Canada no difficulty is encountered unless very special circumstances prevail. Hardly anybody will dispute that the circumstances and conditions that have characterized the present season are very special. Underlying everything has been the stringency in money, felt not here alone but in all civilized countries. Especially in North America were the banks and other credit institutions laboring hard to make their resources do the work the people were calling them on to do. In mid-October the banks in New York City were paralyzed by the blighting break-down of confidence. Since then the trouble has spread more or less all over the States.

Though bank depositors in Canada have not taken alarm the Canadian banks had no choice but to strengthen up. The bankers would have been foolish indeed had they made no preparations to meet the possible spreading of the trouble to this country. Coming as it did in the height of the crop-moving period it was inevitable that that operation should be hampered by the strengthening up measures taken by the bankers. It has been proved, abundantly, in the past, that when the waters are smooth the Canadian system finances the crop movements much easier and better than the United States system can. Now it is being proved that our system does the better work also during a heavy gale. For our crops are being moved; our farmers can sell their stuff for cash, while the American system has practically broken down for want of currency.

Methods of Crop Financing Compared.

It will be well worth while, at this juncture, to compare the financing of the crops, as it is done in the two countries. Perhaps this can be illustrated best by following the movements of a bank in a Dakota town, and of one of our own branches in Manitoba. Suppose the grain begins to come to market about the 10th September. Both the Dakota and the Manitoba bank office will require to stock up with currency in preparation. The former may get it from St. Paul or Chicago, but the demand falls in the last instance on the central supply of currency at New York. There is nothing, in the States, available for use as currency except hard cash, most of which is figuring during the summer as reserve money of the banks in the central cities. In response to the demands received from the Dakota bank, and others like it, the great banks in New York and Chicago begin to part with their cash reserve money—their very life blood—which is to