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Provincial Ownership of Elevators.

The following is taken from a pamphlet issued by the Grain Growers' Association:

The most significant fact about the grain trade today is the absence of any real competition. True, there are dealers who appear to be in keen competition at country points as well as in the secondary market in Winnipeg. The exposure of the pool among elevator owners at country points, however, indicates that the presence of a number of buyers at a point is not proof that competition exists there. The keeping of a number of buyers where one would have been sufficient, indicated a deliberate effort to mislead the public into believing that there was competition where none existed.

In the same manner, in the secondary market a number of commission men and track buyers apparently competing with the line elevators and mills for grain, is no evidence that competition really exists.

The grain trade of the West is practically in the hands of a small group of elevator owners and millers, with whom for various reasons competition is impossible without Governmental intervention and assistance.

Possessing, as they do, practically all the storage facilities at country points, they are able to buy considerably over half the wheat by the wagon load, at prices very much under the quotations for car lots. The farmer, goaded by his maturing obligations, and prevented by the lack of transportation facilities, from shipping his

wheat to the secondary markets, is forced to take what those possessing the storage facilities care to offer. The great milling companies, in addition to buying much wheat at street prices are enabled to test various types of off-grade and commercial wheat and find many among them having a higher intrinsic value than is supposed to belong to the grades into which they are thrown by the imperfections of the grading system. They select the best of these for use in their mills sending the less desirable types to the terminals for export, thus tending to lower the general average of export values, that is, the prices against which they must compete in buying the unculled wheats.

The fact that the Ogilvie Milling Co. has lately declared a dividend of 34 per cent on stock which can scarcely fail to be of the largely watered variety, indicates that millers are not paying anything like the real value of the farmers' product. They have further proved their ability to all their flour in the world market at prices considerably lower than those charged their customers in this country after paying the cost of transport.

The large elevator companies, in addition to buying a very large proportion of the crop at street price, several cents below tract value, have opportunities for buying much of this grain as belonging to lower grades than it is entitled to be put into. Much of the rejected grain can be reduced to straight grade at much less cost than the spread between rejected and straight grade quotations. Light weight, heavy dockage the putting out of wheat of inferior quality in place of the farmer's special binned grain, the placing of barriers in the way of special binning and the making of shipments through their elevators by farmers, are additional advantages which the possession of the storage facilities gives them over their competitors.

Much of the terminal space is also in the hands of the elevator companies. The investigation which took place on the American side, with respect to the Duluth terminals, indicates that the illegitimate profits of the terminal elevators may be very large. At Duluth it was found that, while all grades found entry into the terminal elevators, very little low grade wheat was shipped out, while very much more of the higher grades were shipped out than were put in.

This past season developed another condition which tremendously increased the opportunities for profit of the elevator owners. The banks practically confined their lines of credit to the members of the group who were in possession of the storage facilities, the result being that the members of this group alone were in a position to purchase grain for export. The smallness of the group made an understanding possible between the members. At one part of the season there was as high as 16c per bushel profit in exporting.

It must therefore be evident to any one that a group of exporters enjoying virtual monopoly of bank credit large enough for exporting purposes, and possessing the storage facilities which enable the purchase of the major portion of the season's crop at an average of 6c below track price, would have no real competitors in the independent exporters whose grain must be gathered by commission men and track buyers at track price. The elevator owners, selling through an exporting company really forming part of their business, though operating under a separate name, could undersell the independent exporter, several cents per bushel to the ultimate market and still make a profit.

This ability of the elevator owners is fully recognized in the trade, and hence the number of independent exporters is very small and their operations are confined to certain classes export wheat. It is recognized that they only exist by sufferance of the large elevator owners.

C. B. Watts, in his evidence before the Committee on Agriculture, at Ottawa, showed that he considered it impossible to establish a partial line of elevators to compete with the owners of the system already established, owing to their determination not to tolerate competition. When an attempt was made a few years ago to establish a new Grain Exchange composed of commission men, it failed because the exporters belonged to the old Grain Exchange, and were prohibited from trading with them, and the commission men dared not get together to form their own export company, recognizing their impotency to maintain it against those who were in possession of the storage facilities.

The importance the elevator owners attach to the possession of the entire storage system, is shown by their attempt to discourage the establishment of Farmers' Elevators. There is no doubt that Farmers' Elevators would have been established at nearly every point in Manitoba by this time, but for the determined opposition of the regular Line Elevators, which took the form of reducing storage charges at points where Farmers' Elevators exist, so low as to occasion loss to farmers in the operation of their elevators, in the hope of discouraging the building of Farmers' Elevators at other points.

With the elimination of the independent exporter must come the elimination of the commission man and track buyer, or they will only be retained as gatherers for the

millers and elevator owners to give the impression that competition really exists.

It will thus be seen that there is no real competition possible against those who have entrenched themselves in the elevator system of the country, and that they have now become so strong that nothing but Governmental interference will break their monopoly and restore freedom of trade in grain.

Several schemes have been suggested for avoiding the ill effects found to flow from the storage facilities being in the hands of the dealers. One is, that the railways should be forced as common carriers, to provide storage for the grain offered for transportation until it can be moved.

The condition of affairs at the railway terminals, where there is Government supervision with railway ownership and operation, would not encourage the application of the system to country points. The evident sympathy existing between the large operators and the railway people is an additional reason for not advocating railway ownership of storage facilities. Ultimately, there is no doubt that the railways will be operated by the Government. Then the storage will naturally be run in connection with the railway system.

Another proposition is that large internal storage elevators should be created, owned and operated by the Dominion Government. But the chief advantage of such a system would accrue to the railways rather than to the farmers, while there would be an additional cost, without a corresponding advantage, in the reshipment of grain from these interior terminals to the ones at the Lakes, and this cost would be borne by the farmers.

A third proposition is that the Dominion Government should create a storage system at all initial shipping points throughout the West. There are many things to be said in favor of such a proposition, but unfortunately the representatives of the Western Provinces in the House of Commons are not numerous enough to commit the Dominion Government to such a scheme.

The only practicable proposition then which remains, is that the Provincial Governments of the various Provinces should create and operate the storage system, each in their own Province. It has been urged that such an act was beyond the powers of the Provincial Governments, but a study of the British North America Act, shows that such is not the case.

The details suggested here may be modified in many particulars, and in fact, are simply given to indicate that no barriers exist to a practical working out of a scheme for creating and operating the system.

The local Government of each Province by the sale of provincial bonds, could raise the money necessary to create the storage facilities requisite to housing the crop. Since about one-third of the crop would go forward during the time of delivery of the crop at initial storage points, it would only be necessary to provide storage for about 65 per cent. of the total yield. Less than \$5,000,000 would be required to provide such storage for Manitoba, while a much smaller amount would meet the present requirements of Saskatchewan and Alberta. The most economical manner of building at each point would be to provide a single building of sufficient capacity for the requirements of that point. Since however, the Governments are undertaking to provide storage where storage houses

already exist under private ownership, it would be only fair that they should offer to acquire such storage at a fair valuation. A Board of Commissioners could be appointed by the Government to acquire all the storage facilities now in existence, which the owners were prepared to sell at a proper figure. In practice it might be found expedient to use the material of which these elevators are constructed to build a single storage house at each point. (To be continued)

The Lumber Mill

Messrs J. E. Fogg and W. Fogg, of St. Anthony, Idaho are in town this week. In an interview with a representative of The Star, Mr. J. E. Fogg stated that he came here to make a report to the Waterton Lumber Company and after looking over the situation finally made a proposition to them and had signed a contract to convert 2,000,000 feet of logs into lumber. The logs are already cut at the lakes and will be sent down as soon as the ice goes out. The mill will commence operations immediately and they guarantee to fill all contracts for lumber. This will be good news for the people of the district as it has rumored that the mill had shut down and would not run this summer.

Mr. J. E. Fogg is bishop of the St. Anthony Ward and also member of legislature. He and his brothers have had considerable experience in the lumber industry in the Snake River Valley. This is their first visit on this side of the line and they express themselves as being very pleased with the prospects here. Mr. W. Fogg will reside here permanently and will return to Utah and bring his family back.

TAI SANG FINED \$50

On Saturday last Tai Sang, who owns a restaurant and confectionery on Main Street, was found guilty of selling cider to three Blood Indians, George Dogchild, George Yells and O. Stevenson, and was fined \$50.00 and costs. The Indians were fined \$5.00 and costs for being drunk and disorderly.

The events which led up to this case, so far as we can learn are as follows. On Friday March 6, a Blood Indian named "Carries his tail on his back," and his squaw drove into town and it was noticed they were drunk. The Indian had on an expensive fur coat which he tried to sell to a merchant who refused to take it. He finally got \$20.00 from Dave Austin. With the money he obtained "fire water" in some way or other, which he shared with the above named Indians who got considerably excited. "Carries his tail on his back" and his squaw "pulled their freight" but the other three paid a visit to Tai Sang's restaurant and tried to obtain cider. The mongolian who was behind the counter refused to sell them any, but a young man who came in the store at the time, ordered a glass of cider, the Chinaman produced three glasses and handed two of them to the Indians and asked the young man to pay for the three which he refused to do. The Indians paid for the cider. The Indians made considerable disturbance and were finally ejected from the store by Tai Sang, who then notified the police who arrested the Indians. In order to be revenged on the Chinaman for having them arrested the Indians swore that the Chinaman had sold them 20 glasses to one and 16 to the others, as they all told the same story, their evidence was accepted by the magistrates and they imposed the fine accordingly.

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