

# Conditions in the West

By E. CORA HIND.

Winnipeg, May 10th.

When I wrote my letter last Thursday on the wheat market conditions at Winnipeg, the situation seemed to be about as tense as it could be. That night, late, after a very long session, and after taking expert legal advice, the council of the Grain Exchange decided to suspend trading in May and July wheat and this was announced through the Manitoba Free Press and posted on the board of the Grain Exchange the following morning.

The next business was to secure some kind of an arrangement by which these two futures could be liquidated. It was necessary to get the consent of the mills and the agent of the allied governments. The special committee which had been appointed by the council of the Grain Exchange and accepted by the Royal Wheat Commission, got to work. This committee was composed of the president of the council, J. C. Green, Capital Hill, manager for the last, Charles J. Macdonald, president of the Winnipeg Grain Exchange, and the North West Grain Dealers' Association and manager of the Grain Exchange, Charles H. Macdonald, manager for Canada of the Scottish Co-operative Society and Mr. Robert Macdonald, secretary of the Exchange.

The story of the days, May 4th to 8th inclusive, if fully written, would fill pages. The amount of money at stake was enormous, but all were agreed that it was in a sense the smallest consideration. The integrity of the Winnipeg Grain Exchange was threatened, and banking interests were being seriously involved; but what all felt to be the most serious phase of the situation was that the allied governments were not securing the wheat which they needed.

All the inner history of these strenuous days will never be written. The work of the committee required the widest and most expert knowledge of the situation, and the right and patience and above all, the ability to see the situation in its entirety. After sitting in session almost continuously Monday, Tuesday and Wednesday, holding cable communications with the Royal Wheat Commission in Britain, with Sir George Foster, acting premier of Canada in Washington, with the heads of the great milling companies in Montreal, a tentative agreement was reached, and given to the public through the medium of the Manitoba Free Press on Monday morning. This tentative agreement provided for the delivery on May and July contracts in addition to the regular contract grades of No. 4 wheat, No. 4 Special, No. 5, No. 5 Special and No. 6 wheat, all grades of tough wheat from 1 to 4, the first three grades of Smutty; and dried Nos. 1, 2, and 3 Northern, at fixed spreads below the May price. In addition, provision was made for the resumption of business through regular trade. The drastic action of closing the May and July futures, had practically closed trade in the country, as the elevator companies could not take the risk of buying with no place to hedge their sales. It was decided that a new contract, to be known as "Basis No. 1 Northern contract" should be established for May, June and July, and that on it all millable grades of wheat should be delivered at certain spreads.

The Royal Wheat Commission, through its Winnipeg representative, James Stewart, of the K. B. Stoddart Co., was most unexpectedly liberal in the spreads offered on these low grades. With this tentative agreement assented to by all the principal parties, the committee felt that its troubles were at an end, but when Monday morning dawned and they attempted to reduce the agreement to writing, it was found that there were still many lions in the path, and it was here that the agent of the Royal Wheat Commission and really the agent of the allied governments, showed a far more liberal spirit than our own Canadian millers. The millers backed up on the delivery of No. 6 at a spread of 75 cents under May and they also objected to taking wheat in June on July contracts and paying a premium, though the agent of allied governments was perfectly willing to do this.

There were more meetings, more discussions, but finally at 1:30 on Tuesday afternoon an agreement was signed. This agreement is a very wonderful document and I am including in my letter the main provisions of it, as I think it should appear in a Journal of Trade and Commerce. To say that possibly \$100,000,000 were involved in the situation is to state only a fraction of the importance of this matter. By this agreement the grain trade of

Canada West has pledged itself to sell to the allied governments and the mills who are grinding flour for the governments 90 per cent of all grain collected on the balance of the crop of 1916-17.

The agreement has now been in operation two days and seems to be working well, though, of course, the special committee are practically continuously in session, working out the small details and adjustments that must come in any such gigantic undertaking. While, of course, exact figures are not obtainable, I learned to-day, that already the liquidation of May had been very heavy.

All the prices of the market are not over, as October wheat shows a tendency to run away, and sold to-day for \$2.17. It is urgently hoped by the trade that the government will take action and establish a maximum and minimum price. The danger of panic, however, and of the parallel loss is past.

There are many other things I would like to take up, such as conditions in the West, transportation, and many others, but in view of the length of the agreement which I feel should be published, I must leave these matters for another week.

## AGREEMENT BETWEEN LONG AND SHORT INTERESTS IN MAY AND JULY.

### SECTION I.

#### Liquidation of May and July Contracts.

##### 1. LIQUIDATION MAY CONTRACTS.

The Allied governments will liquidate their outstanding May contracts by accepting delivery as follows:

Spreads—	
1 Northern .....	3c under May price
2 Northern .....	3c under May price
3 Northern .....	8c under May price
No. 4 .....	20c under May price
No. 4 Special .....	20c under May price
No. 5 .....	45c under May price
No. 5 Special .....	45c under May price

Tough Grades—  
In store Fort William or Port Arthur and tendered up to and including May 15, 1917:

N.G. 1 Northern Tough .....	10c under May price
N.G. 2 Northern Tough .....	12c under May price
N.G. 3 Northern Tough .....	20c under May price
N.G. No. 4 .....	40c under May price

Dried—  
Dried Nos. 1, 2 and 3 Northern, 1c under 3 Northern price.

Lower grades dried, 1c discount under corresponding straight grade.

Rejected—  
Rejected for Smut—1 Northern, 15c under May price  
Rejected for Smut—2 Northern, 18c under May price  
Rejected for Smut—3 Northern, 23c under May price  
Rejected ac. Seeds—1 Northern, 15c under May price  
Rejected ac. Seeds—2 Northern, 18c under May price  
Rejected ac. Seeds—3 Northern, 23c under May price

##### 2. LIQUIDATION JULY CONTRACTS.

The Allied governments and the mills represented will liquidate their outstanding July contracts by accepting delivery on the same spread basis as for May.

Wheat tendered in May on July will all be accepted by the Allied governments at 12c over July.

Wheat tendered in June on July will all be accepted by the Allied governments as follows:  
From 1st to 10th June, inclusive .. 10c over July  
From 11th to 20th June, inclusive .. 8c over July  
From 21st to 30th June, inclusive .. 6c over July

DISTRIBUTION.  
The manager of the clearing house has agreed to distribute all grades tendered through him on July futures in July proportionately among the different long interests on getting authority from his board of directors.

The long interests agree to take distribution on this basis.

4.—  
Long and short interests in May and July, other than the Allied governments and mills represented, will be allowed to clear up all outstanding contracts through the clearing house during the life of the respective futures.

### SECTION II.

#### Re-Establishing of Wheat Market.

##### 1. NEW BUSINESS.

This refers to all business not provided for in the above arrangement for the liquidation of the contracts in May and July.

The withdrawal of the July and May futures deprived country elevators and other grain collecting agencies of a protective hedge for their purchases, and thereby of a basis for purchasing, with the result that they largely ceased buying grain in the country. This virtually closed the marketing of wheat and produced a state of affairs that threatened not only the producers and the trade, but also the allied peoples. Some means had to be devised to re-open business, to re-establish the machinery of the exchange and the trade, to buy grain from the producers and to maintain the steady flow of wheat to Great Britain and her allies. The method devised is as follows:

##### 2. BASIS ONE NORTHERN CONTRACT.

Mills represented and allied governments agree to accept from day to day on basis One Northern Contract all millable wheat at above specified spreads.

May, June and July contracts, basis one Northern, will be established and Spot prices will be quoted daily.

Grain will be accepted on the prices quoted each day until the opening of the market the following day.

The prices so reached will be recorded by a price and the mills and allied governments, while following their judgment in buying, must consider both market conditions generally and the prices paid in other markets.

The prices so reached will be recorded by a price committee and will form the basis of clearing these contracts from day to day.

##### 3. AGREEMENT.

In consideration of the foregoing, the Grain Collecting agencies have submitted the following agreement, which was executed by the Grain Collecting agencies prior to the fixing of the spreads which have been hereinbefore set forth and the said spreads are satisfactory to the signatories:

"We the undersigned, this fifth day of May, nineteen hundred and seventeen, in order to conserve the food supplies of the Empire and to assure the allied governments that for the balance of this crop the wheat over which we exercise control will not be diverted to other channels than those controlled by the allied governments, do hereby agree, in consideration of the buying agency of the allied governments giving us its assurance that it will take all grades of wheat in exchange for the Winnipeg May and July futures at spreads to be subsequently fixed, which spreads will be satisfactory and equitable to all interests, to deliver through said buying agency and to the Canadian mills, in proportion to the allotment to them by agreement, at least ninety per cent (90 per cent.) of the grain owned or controlled by us, and that we will further exercise our influence to direct the farmers' wheat which we may handle through our warehouses into the hands of those representing the allied governments or the Canadian mills, as agreed upon."

##### 4. THE MILLERS AND LOW GRADE WHEAT.

It is understood that the Canadian millers have given their assurance that they will take as much of the low grades of wheat as they can.

##### 5. CLEARING.

The manager of the clearing house has undertaken to devise a method of clearing the new trades on the basis contract and to submit same to the directors of the clearing house. Upon being sanctioned, the method will be included in this document.

#### CONTROL OF GARDEN INSECTS.

The Entomological Branch of the Dominion Department of Agriculture will issue early in May Circular No. 9 on "Common Garden Insects and their Control." This publication includes an account of the more important insect pests of the vegetable and flower garden. It has been prepared for wide distribution at this time when everywhere throughout Canada efforts are being earnestly made to increase the production of vegetable foods, etc., in back yards, vacant lots and other areas near cities and towns. The remedial measures for controlling the common destructive species and also formulae for the making of the chief insecticides are given. For easy reference the insects are grouped under the crop or flowering plants they infest. Gardeners will find this publication a most useful means for solving many troubles that will arise. Application for this Entomological Circular No. 9 should be made to the Chief of the Publications Branch, Department of Agriculture, Ottawa. Insects concerning which further information is desired should be sent with a covering letter to the Dominion Entomologist, Department of Agriculture, Ottawa. Packages and letters so addressed up to 11 ounces in weight may be forwarded free of postage.