

correct the injustices incident to a grading system, when climatic conditions make it impossible for the grade description to classify grain according to its intrinsic value.

"For example, a slight bleaching suffered by a large percentage of wheat the year before last condemned millions of bushels having the essential qualities of One Hard to be graded as Two Northern, making the price four cents per bushel less than it should have been and occasioning an enormous loss to the producers. Also this year, owing to a general frost the grading system operated to group types of wheat together in the same bin having in many cases a difference in value of twenty cents a bushel."

(f.) The having of storage facilities in the interior under Government supervision would make it possible to send samples to be displayed on the sample market in advance of shipment. This would permit the grain to be exhibited for a number of days without expense to the owner and also permit of the grain being sold for shipment, either East or West of the point loaded.

(g.) With the building of the Hudson's Bay Railway will come a still greater advantage in interior storage as grain in the interior will have the choice of two routes and two markets, while grain sent to the terminals before being sold will have only one.

(h.) The presence of Government storage facilities that could be used by buyers, who are not owners of elevators would place these buyers in a position to compete on even terms thus preventing a monopoly of the market by elevator owners, and tending to keep street and track prices near together.

#### (2.) Advantages with the co-operation of the Dominion Government:

The complete plan of the Grain Growers' contemplated the passing of an amendment to the Inspection and Sale Act that would permit the operator of a Provincial elevator to discharge the functions of a Dominion weighman and sampler, and the granting of weight and grade certificates, the grading to be done by the inspection staff at Winnipeg using the samples of the contents of the special bins forwarded by the elevator operators.

Several members of the Dominion Government have given representatives of the Grain Growers' an assurance that such legislation can be easily secured as soon as the request is made by a Provincial Government.

The additional advantages under these circumstances would be that grain could be sold for future delivery to greater advantage since the grade would be known. Also advances on Warehouse Receipts could be secured as soon as delivery of a car lot was completed at the initial elevator, enabling a farmer to discharge his more pressing liabilities and market his grain in a leisurely manner, selling only when there was an active milling or export demand. The effect would be a generally higher level of prices for the farmer. Collections would be facilitated and transportation would not be demanded at any season of the year in excess of the power of reasonably equipped railways.

The best of all reasons for creating the system is that the class who form the major part of the population demand it, and that it can be granted without placing a tax upon the remainder of the people.

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## Commercial Loan & Trust Co.

Kennedy Building, 317 Portage Avenue  
Winnipeg

## REPLY OF THE PREMIERS

To the Secretary of Inter-provincial Council of Grain Growers:—

Dear Sir,—We have had under careful consideration the representations made by you to us in our recent conferences concerning the grain trade, and the necessity of certain remedial measures being adopted to remedy the grievances complained of. We readily assent to your position that anything affecting the agriculturist is of paramount importance and deserves the most mature consideration. We understand that you take the position that nothing further can be hoped for by amendments to existing legislation, in so far as internal elevators are concerned, and to obtain what your executive desires, you request that in so far as the three western provinces are concerned, a system of government ownership and operation of grain elevators be inaugurated. In reply to this request we beg to say as follows:

The several matters presented involve, in their institution, carrying out and performance, the consideration of unusually grave and complicated questions, constitutional, financial and legislative, which we will more fully hereinafter indicate.

The three provinces are asked to wholly provide, operate and maintain on the public credit, the requisite quota of elevators for the storage of grain and to regulate generally the number which the shipment or transportation of grain should be conducted. This will necessarily involve, as you will recognize, a new constitutional principle not hitherto exercised, and also means the incurrence from time to time of heavy financial responsibilities on the part of the several provinces, and further, the putting in practical form by constructive, regulative and restrictive legislation, the right of absolute provincial government control and regulation of the matters involved.

It is evident that to accomplish in its entirety the end lastly above mentioned or sought by you, it would be necessary first, for our respective provinces to be given, or have delegated to them, the necessary legislative powers in the premises, by amendments, through the Imperial parliament, to the British North America Act; and, secondly, to have adequate provision made for the necessary self-protection and the consequent liability undertaken by us amongst other provisions expressly stipulating that all grain should pass through one channel, and one channel only; or, in other words, to create in regard thereto a complete and absolute monopoly. Any attempt to deal with the subject, other than in a full, complete and far-reaching manner, would, in our opinion, fail and prove futile, and possibly be followed with disastrous results. The separate states of the United States in dealing with transportation companies doing an interstate business found themselves unable to accomplish their desire and federal action was invoked to meet their difficulties. These states, while occupying a somewhat identical position with the provinces, possessed much more power relatively to their federal government than the provinces do to the federal government of Canada. The founders of Confederation clearly intended that the federal parliament of Canada should hold and possess the residuum of power and clearly and unmistakably defined the lines which should separate federal and provincial legislation, and such provision has clearly continued down to the present time. Wherever power is given to the federal parliament and not to the provincial assemblies, it is incompetent for the provincial assemblies to trespass upon such powers. It must therefore be admitted without question that powers of provincial legislatures are limited. The parliament of Canada has exclusive jurisdiction to deal with certain classes of subjects. One of the objects of the constitution of Canada was to create a strong federal government charged with duties and responsibilities towards industry, and to establish confidence, credit and commerce by salutary laws affecting the Dominion as a whole and the nations with which the Dominion and its people would from time to time deal, to be enforced by the power of the whole Dominion. It was not, we believe, ever intended that both the federal parliament and the legislatures of the several provinces should have and exercise identical or similar powers respecting certain classes of duties and powers to be performed. Therefore, it was manifest that when certain powers were given solely to the federal government, it necessarily implies a prohibition on the part of the province to act on the subject so solely assigned to the Dominion. One of the provisions of the British North America Act is as follows:

"It is specially declared that any matter coming within the classes of subjects as to which the parliament

of Canada within the classes of subjects assigned.

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