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THE FARMERS AND THE GRAIN EXCHANGE.

There is trouble between the farmers, or rather a section of the farmers, and the Grain Exchange. This is nothing wonderful. There has been friction for so long that no one is surprised at a fresh outbreak of hostilities. The immediate cause of the present disturbance lies in the fact that the exchange has abrogated the clause by which its members were compelled to charge a cent a bushel for the handling of wheat. This is the clause that the Grain Growers' Association asked to have annulled some time ago; and now that the demand has been complied with there is no end of trouble. This is so very peculiar that the whole story needs to be told.

The Early Days.

In the early days the farmers found it difficult to market their grain. It was no wonder that their welcome to the railroads and the elevator companies was enthusiastic. Nobody grudged the two cents a bushel that the elevators demanded for handling the grain, and no fault was found with storage charges if any farmer wished to store rather than sell. However, with rapid settlement, the railroads became unable to carry the grain, especially when all the farmers wished to ship it in the early months of the fall. The elevators became congested. Then farmers had to take what they could get or carry their wheat back home. Often the elevator would offer as much as eleven cents a bushel less than the track price, and the farmer had to take this or nothing. He usually took what he could get, for necessity is a hard master. Nor must we blame the elevator owners in this. In the fall months it took a bold heart to buy wheat at any price. It might have to remain in storage all winter, and it does not take long for eleven cents to go out in insurance premiums. Perhaps on the whole the street prices were not so bad when circumstances are considered. Of course the producer would not see it in this way. Nor could the farmer understand another thing: In the days of congested traffic he often saw his wheat pass in at one door of the elevator and out through another to the car. He paid two cents a bushel for this privilege. That looked pretty bad, but it was not quite so bad as it looked either. For the elevator owner did not charge the two cents for sending the wheat through the elevator, but for giving the farmer preference in the matter of shipment. In other words the elevator owner was making legitimate use of his elevator. His elevator remained full while he was handling the grain of the farmers. Often he was caught with a full bin when the farmers had relieved themselves of their last bushel. And two cents a bushel would not repay him for keeping his grain stored all winter.

A Prosperous Combination.

In saying all this it is not to be inferred that the elevator owners and grain handlers in general were growing poor or rushing into insolvency because of their generosity and their consideration for the poor farmer. A drive around the fashionable quarters of Winnipeg will show that a surprising percentage of the costly homes and equipages belong to those who are engaged in the handling of grain. On the whole it may be safely stated that there is no body of men in the west, who with the same expenditure of effort and wisdom, have fared as well as the members of the Grain Exchange. Even with their kind consideration for the poor farmer who needed ready cash, they have not failed to look out for themselves. The fact is, that in nearly everything their charges were exorbitant although this was not seen to be the case until recently.

The Rebellion.

In course of time, then, the agitation against the elevator owners became more pronounced, and finally there was legislation whereby grain growers had equal rights of shipment with elevator owners. In one sense this retarded traffic. An elevator can load cars very much more rapidly than they can be loaded from farmers' wagons. Still, the farmers claimed the right of shipping directly, and no one will deny the right provided it does not too seriously impede the movement of grain. Of course the small farmers cannot take advantage of this privilege. But they can combine, and as a company they can forward the produce of their farms. Partly on this account the Grain Growers' Grain Co. came into existence. It was a living pro-

test against the arbitrary action and the supposedly exorbitant charges of the Winnipeg Grain Exchange—a body composed of owners of elevators and commission agents.

The Objectionable Clause.

Among the rules of that exchange was one which fixed the commission for handling grain at a cent a bushel. There was attached to this a peculiar rider which practically shut all small buyers out of the field. The rider was to the effect that part of the commission could not go to a local field agent. The Exchange could work only through regular buyers who were paid a good monthly salary. This, of course, made it impossible for any but large corporations to operate in the movement of grain.

So about two years ago, after some interesting preliminaries the Grain Growers' Association began an attack on this famous one-cent clause, demanding its cancellation. What they really wanted was the open market, but because they failed to see clear through the difficulty they centred their attack on the wrong point. Now after the smoke of battle has cleared away, the Exchange has voluntarily and designedly abrogated the one-cent clause. The Grain Growers' Grain Co. find that the condition of things is worse than ever. The one-cent clause is the very thing that must be retained. How in the name of all that is reasonable can this be? The answer is found in the history of the Grain Growers' Grain Co.

The Grain Growers' Grain Co.

When the company entered the field in opposition to other commission agencies, the usual one-cent rate was charged to all farmers. The profits were enormous. After paying all expenses, supporting a paper, sending agents over the country at heavy cost, paying up the stock of shareholders, etc., the company has still a very heavy surplus, which it now says it must use for the erection of terminal elevators. Now anyone will grant that if a company is to go into the business of transportation on a large scale it will probably require terminal elevators of its own, and perhaps the policy need not be criticized just here. If competition with existing agencies is advisable it must be no half-hearted competition. Any puny joint-stock company organized by grain growers or anybody else will be helpless when matched against the capital of the elevator companies managed as they are by men who know every trick of the trade.

If Lord Northcliffe in his newspaper work found it necessary to buy timber limits and establish pulp-works of his own, in order to protect himself from robbery by paper-makers, surely the grain growers might conceivably find it necessary to erect elevators in order to protect themselves from the exorbitant charges of the grain handlers.

A Policy of Extinction.

So the Company charging its one-cent rate was about to enter upon its policy of expansion, when like a thunderbolt from the clear sky came the announcement that the elevator owners are prepared to carry the grain for nothing or next to nothing. Evidently the Grain Exchange will kill the new company if it can. And not only so, but it will put out of business all the small commission agents who do not control elevators. And the large owners can afford to follow this policy for there are other ways of making money out of the elevator business than by charging commissions. There are such elements as storage, mixing of grades of wheat, buying below grade, etc. And at any rate the big operators can afford to lose for three or four years if they can finally get everything into their own hands. This is undoubtedly the goal of their efforts.

A Dilemma.

Now the Grain Growers' Grain Co. in the course of its operations learned a few things. One of these is that there is a magnificent profit in handling grain at a cent a bushel. There would be a magnificent profit at half a cent, and some maintain that there would be a paying profit at a quarter of a cent. Yet with its policy of terminal elevators, and a newspaper, and a bank, and a propaganda, and everything else, the company must have an enormous profit if it is going to enter into

competition with the great milling companies and others who are interested in the matter of transportation. And so it must stick to the one-cent rate, or amend its policy. More than that; there is a well paid lot of officers who no doubt desire a good profit. Otherwise salaries might be meagre. Then, too, rumor has it that certain speculation has to be indulged in, and this requires capital. So the one-cent rate is very desirable, even though it is conceded that for commission charges one-quarter or one-half a cent would be ample. And so the Company is seemingly in a bad way. If a cent rate is charged, the rank and file of farmers will ship through the regularly established channels where rates are trifling; if the Company reduces its rate to a quarter of a cent it will have no surplus for its elevator scheme. If only the big operators had kept quiet for a year or two! But they didn't do so, for they know the game from start to finish. They are lying low for the Grain Growers' Grain Co., and if they get a chance they will squeeze and squeeze until there is no more juice left than in a dried coconut. And if there is anything in the rumor that members of the Company have been speculating, and are ready for the same thing again, they will get caught beyond a doubt and it will serve them perfectly right, but it will kill farmers' co-operative effort forever. It is to be hoped the rumors are foundationless.

The Real Difficulty.

Having said this much it is now in order to make a few suggestions as to the best thing for farmers to do under the circumstances.

In the first place they must acknowledge that they have failed to recognize fully the main cause of their hardships. The greed of grain handlers would count for little if the country had proper transportation facilities. When in the early fall all the farmers rush to the railway stations at once, is it any wonder that there is a blockade, and is it any wonder if there is a reduction in prices? If the railways could carry off the grain as rapidly as it came to market there would be little trouble and little complaint against grain handlers or any other corporation. The first agitation is for more cars, more engines. And even here men must be reasonable.

Avoid Congestion.

In the next place farmers must hold a portion of their grain till the spring, so as to prevent congestion. If this is possible in some cases it is possible in all—with perhaps a few exceptions. Where the practice has been followed there has been peace and profit. As a matter of fact, in a few years from now the universal custom will be to hold some grain till the following spring.

Be Watchful but Fair.

In the next place farmers must keep their eyes open. They must recognize, as they have recognized, that the big operators are not in the business simply for diversion, but that they are ready to make every last cent they can. They will charge a cent commission and a cent and three-quarters elevator fee just as long as this will be tolerated, and they will buy below grade if they can and make a good profit by judicious mixing. This is not always true, but it is true sometimes. Incidentally it may be remarked that the farmers might take an occasional squint in their own direction. Some of their number are too ready to palm off No. 3 as No. 1 Hard. They grouse incessantly and are suspicious of everybody and everything. A little more common honesty and a little less ugly suspicion are very necessary.

Even Farmers May Err.

Above all farmers require to recognize that an organization controlled by men from their own ranks is as likely to make mistakes as any other. As a matter of fact it is more likely to err. For those who have been in this business of exportation for years know every twist and turn of affairs, but with a body of farmers this is not so. So when competition arises the novices in the trade are likely to come to grief. Most certainly this will follow should they go into the business of speculation.

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