FINANCING THE CROP

Among those who appeared the first day of the Conference held in the office of the Minister of Trade and Commerce, to consider the reqommendations of the Royal Grain Commission to oppose the requests of the Grain Growers' Association, was Mr. J. T. P. Knight, Sec. Canadian Bankers' Association. The purpose of the Bankers' Association in appearing at the Conference was to use their influence with the Grain Trade to destroy the usefulness of the distribution clause in the Grain Act, to the farmer. Either the Bankers, thought Mr. Knight did not present their views strongly enough or the interests feared the Grain Growers' representatives were making out too strong a case, for Mr. Burn, Vice-President of their Association appeared on the scene on the fourth morning of the Conference. This Session was intended by Sir Richard Cartwright to afford the representatives of the Grain Growers' Association an opportunity to present their case more fully than they were able to do the first days.

Like many other men who attempt specious pleading, Messrs. Burn and Knight were led to make statements that some men would prefer not to have made public.

Mr. Geo. Burn, General Manager, Bank of Ottawa:—I may say, Sir Richard, that I appear here as one of the Vice-Presidents of the Canadian Bankers' Association. I desire, in the first place to emphasize the remarks that were made by the secretary of the Association on Tuesday, that is to say that the banks desire, as far as possible, to refrain from interference in matters in dispute. We recognize that we have a valuable charter from the people of Canada, that that charter is only rendered valuable by the fact that the people themselves make it valuable by doing business with us; we draw our business from all classes of the people, and, therefore, we desire, in so far as possible, to hold aloof from discussions in which there is a wide divergence of opinion.

Sir Richard Cartwright:—Were you a resident in the Northwest for any considerable time?

Mr. Burn:—No, but I am familiar with the conditions there. I have been visiting the Northwest for the last twenty years and we have branches there.

Sir Richard Cartwright:—But you do not personally carry on business there?

Mr. Burn:—I do not.

Sir Richard Cartwright.—Just proceed with your statement.

Mr. Burn:—I have been asked by some members of the Bankers' Association to appear at the meeting and to represent that in so far as the banks are concerned we feel that, to a very considerable extent those who own elevators in the Northwest are handicapped by the present arrangement in regard to car distribution. I find in looking over the report of the Royal Commission, that Mr. Goldie, one of the Commissioners, alludes to this evil in the following words:—

"Sections 88 to 99 inclusive, of the Man. Grain Act, corrected this evil, but at the same time this correction has proved an injustice to a certain group of producers and to elevator owners."

It is manifest to anyone who considers the subject at all that if, for instance, $5,000, to take that as an illustration, is invested in grain, if that grain is put into a country elevator and if it is allowed to remain there for two or three months, the money value of that grain cannot be used for any other purpose; whereas, if that grain is shipped out as speedily as is consistent with circumstances, that money can be turned over and the same amount of advance from the bank will buy a very much larger quantity of the commodity. The loss to the country is serious in that way. Banks at a distance have desired me to call the attention of the Minister and the meetings to the fact that the present arrangement with regard to the distribution of cars handicaps the elevators to such an extent that banks are exceedingly reluctant to advance the money to those companies which purchase grain unless they can get a reasonable assurance that if they do advance the money the grain bought with that money is likely to be shipped within a reasonable time. They desire me to express the sincere hope that some amicable arrangement will be arrived at between the government, the elevator men, the grain growers and the railway companies by which a distribution can be made of the cars, proportionate to the amount that each shipper has to send out. Reference was made at one of the meetings to the variation in the price of grain last autumn. In my opinion that variation was caused by absolutely abnormal conditions and one of the conditions which helped to that end was the fact that the difference between 60 days sterling exchange and demand exchange or cables was very great. That difference is usually regulated by the Bank of England rate, which was then about 7 per cent, but I found from experience and from actual transactions that we could buy a 60 days sterling exchange bill, drawn by one bank on another, at a price which, if we had to sell cable exchange, would mean a difference of 12 per cent. These things had all to be taken into consideration in fixing the price of the commodity, which was shipped to the other side. I will not detain you any further. I have delivered my message.

Sir Richard Cartwright:—From what you have said on behalf of the banks I understand that a much larger amount of capital will be required to handle the grain unless it is brought forward promptly?

Mr. Burn:—Undoubtedly. It is manifest to everyone who considers the subject.

Sir Richard Cartwright:—You are not in the Northwest you say.

Mr. Burn:—I am not located there. I am general manager of the Bank of Ottawa but we have a number of branches there.

Sir Richard Cartwright:—It is an incidental matter, and I was not going to waste much time upon it, but are you aware of your own knowledge whether there was any great interference with the purchase of grain owing to the scarcity of currency which prevailed in the Northwest during the months of November and part of December?

Mr. Burn:—I shall explain, Sir Richard, that while in former years as some of our friends know—Mr. Bawlf and others—we were very considerably interested in the grain business; of late years we have been unable to be so on account of the expansion of other business whose accounts we carry. We are not so deeply interested in the grain business at the present time as so many other banks may be. In regard to the actual scarcity of currency or cash—

Sir Richard Cartwright:—Cash or currency. Are you aware that a number of the banks were quite up to their limit, that they had gone as far as the law permitted them in issuing their notes?

Mr. Burn:—Oh, yes, I understand that. In connection with that question I should like to say that, while some of the banks were up close to their limit there were others had large margins. The secretary of the association tells me that the general margin was about $12,000,000.

Sir Richard Cartwright:—If the banks in the East were not up to their limit, the banks that were doing business in the West were up to their limit, were they not?

Mr. Burn:—I do not think that difficulty prevailed as