

## AFTERNOON SESSION

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: Mr. Slaght, had you completed your examination?

Mr. SLAGHT: Yes, Mr. Chairman.

The CHAIRMAN: Mr. Perley has asked for the floor.

Mr. PERLEY: I should like to take a few minutes to refer to this brief that was presented this morning and make one or two comments on it. Mr. Bickerton read from page 338 as follows:—

As early as 1908, our annual convention presented the following resolution to the federal and provincial governments:—

That great loss and inconvenience to farmers having been occasioned through the banks refusing advances on stored wheat and bills of lading, the government be urged to devise some remedy.

I want to make a little reference to that, because I may say that I speak with some experience in this matter, and I feel that a great many of the members of this committee do not know every feature of the marketing of grain in western Canada, and certainly the question of getting advances on grain. I happened to be in the grain business in 1908, as a dealer and as an operator of an elevator. I am just going to recite to the committee what took place under the terms of the permit and licence that is granted to grain dealers who handle grain, and also what are the rules, under the laws, with respect to getting advances against grain in elevators. This case that was cited here by Mr. Bickerton is quite correct. But may I say this was the practice and has been the practice: once a farmer has his grain in an elevator, there may be storage tickets issued against it. If it is shipped, there is a bill of lading. If it is weighed up in the terminals, there is a warehouse receipt. The farmer, as Mr. Bickerton says, in the early stage could not get an advance against that grain in the elevator. But from what did happen and prevail—and I am speaking from experience and know what I am talking about—I think there was a great injustice done to the farmer in this way. He could not take his storage ticket to the bank and get advances. He could not go to the bank and get an advance on that grain when it was in the elevator. But here is what happened. Under the licence system under which the elevators were operating through the grain companies, they could hypothecate that grain to the bank and get an advance and have that hypothecated as security against the advance, and they in turn could make advances to the farmers. I want it to be understood. The elevator companies have the right and privilege of hypothecating the grain to the bank in any stage in order to get their line of credit, and it applies in that way. Then the grain company in turn can issue a cheque to the farmer and he goes to the bank and chashes the cheque and it is charged up to the grain company's account, if they happen to have an account in that bank. It does not matter if they do not. The grain company's cheque is good practically in any bank, because they generally have that arrangement made. That is, it goes in most cases at par. Then also the grain company can hypothecate the bill of lading and do the same. When it is weighed up, they can hypothecate the warehouse receipt and get an advance and apply that on the line of credit from the bank to carry on business as a grain man. Then in turn, as I say, if the farmer wants an advance, he goes to the grain man and gets it in that way. But here is where I want to inform this committee; there was a great injustice done to the farmer because there was nothing in the rules and regulations in any shape or form whereby the grain company can only charge a certain rate of interest, say even the bank interest;