

ciating very largely the value, the price and the reputation of our wheat.

Re Manipulation

As we wish to be absolutely fair in our statements, we would say that the C.P.R. terminals have never been charged with indulging in this manipulation, and there may be other exceptions, but the exception strongly confirms our conviction, as the Eastern millers tell us that wheat obtained through the C.P.R. terminals is worth considerably more for milling purposes than that of the same grade obtained through privately owned or operated houses.

The grain trade is regulated by the "Manitoba Grain Act" and the "Grain Inspection Act." These acts provide that "all grains passing through Winnipeg inspection district to points East thereof shall be graded according to quality." It is further provided that "All grain shipped for Eastern points from any public elevator within the division shall be shipped only as graded into such elevators by the inspecting officer." All grain of the same grade shall be kept together, and stored only with grain of a similar grade; and even a selection of the different qualities of the same grade is prohibited. "If grain of different grades is loaded together in the same compartment of a vessel, a certificate of such mixed cargo shall be issued with a statement of the quantities of each grade entering into the composition of such mixed cargo." And "the certificate of inspection given by inspecting officers shall in all cases accompany the grain to its destination."

Inspectors of No Avail

But, notwithstanding these regulations, and the fact also that the terminal elevators are under the supervision of a large body of government officials, we believe that the owners and operators of these elevators find means and opportunities to manipulate our grain to their advantage and to our disadvantage. In support of this belief we have the evidence already quoted that grain produced through the C.P.R. terminals is of higher milling quality than that obtained through some others. But the most convincing evidence is that afforded by the investigation made by the officials of this government during last winter, which resulted in three terminal elevator companies being convicted of having made false returns regarding the amounts of wheat contained in the different grades, and their being fined to the amount of \$5,500. According to the report of Mr. Castle, warehouse commissioner, of this investigation, the overplus of 1 Northern wheat over the amount received of that grade by two elevators amounted to 1,635,786 bushels, while the shortage in 2 Northern wheat, 3 Northern and No. 4 Northern amounted to 832,806 bushels, leaving nearly 2,000,000 bushels of No. 1 Northern still unaccounted for, and to which I will refer later. A computation based on these figures and on the prices of the different grades of wheat on a certain date, and the spread between these prices shows that the profits of these two elevator companies were increased by this manipulation to the extent of \$35,000. And in this connection we would respectfully submit that the punishment imposed is altogether inadequate to the enormity of the offence, and not likely to prove a deterrent from a continuance of these practices when, after deducting the amount of the fines, they still have a profit in the neighborhood of \$30,000, and that for a period of only about three months' operation.

Another Aspect

But there is another aspect to this matter which is a good deal more serious than any illegitimate profits made and which has a far-reaching effect. The government inspector is supposed to grade our wheat according to the amount of gluten and other ingredients it contains, which is required to make the best flour, and the value of our different grades of wheat is based on the presence or otherwise of these ingredients, or, as it is commonly spoken of, "The value of our wheat depends on its milling qualities," but it depends on its qualities not as it is inspected at Winnipeg, but on its quali-

ties as it is placed on the British or the ultimate markets, wherever they may be. And if, as has been proved, each grade of our wheat is brought down to the lowest point by the mixing of wheat of lower grades (and we believe it is often brought below it, that is, it is allowed to pass out of the terminal elevators with the minimum point of each grade lower than it would be allowed to pass the inspector at Winnipeg), if this is so it will be readily understood that the value and the reputation of our wheat on the British market is re-graded also, and as the British miller can only afford to pay for wheat according to its milling value, the price is reduced, and being reported back to us, becomes the basis of our market here, and we have to accept a price based on the lowest point of each grade instead of on the average as it should be, which means a difference of about two cents per bushel.

Only One Means

But we have reason to believe that the manipulation of grades is only one of the means used by these elevator companies to swell their revenue and by which our wheat is degraded in value and reputation. The "Grain Act" provides that all grain passing through the terminal elevator shall be cleaned. The amount of dockage is set by the inspector, and the percentage named by him is deducted from each ear; and as the grade very often depends upon the amount of dockage, it is very important, if justice is to be done, that the inspector's instructions in this respect should be strictly carried out. Now, we have reason to believe that much of the wheat passing through the terminals is not cleaned to grade. No doubt there are large quantities of screenings cleaned out, and we know that large profits are derived from this source. We notice in the public papers recently that shipments of these screenings had been made to points in the United States, and we know also that large flocks of sheep have been fed from screenings taken from our wheat; but besides this, we believe that when the dockage imposed by the inspector is not too heavy, it is allowed to go through as they receive it. It is generally understood that when the dockage does not exceed 1 per cent. or in some cases 2 per cent., there is enough clean wheat to absorb that amount without being noticed, but for every 60 pounds of screenings allowed to pass through in this way the elevator companies get paid for a bushel of wheat. They get paid for the dockage which the farmer loses and has to pay freight on to the terminals, and in consequence the British miller has to pay for these screenings at the price of wheat, and in this way the value and reputation of our wheat is still further degraded. And I believe that the fact that a portion of the screenings is in this way allowed to figure as wheat will to some extent account for the discrepancy between the overplus in No. 1 Northern and the shortage in the lower grades as per Mr. Castle's report already referred to.

Other W heats Sell Higher

We have been led to believe that Western Canada produced the best wheat in the world, and we have been very proud of our reputation in this respect. But we have noticed during the last two years that at certain periods there were other wheats which have commanded higher prices on the Liverpool market, and we believe this may be largely accounted for by the degrading of our wheat in the terminal elevators to the minimum point, and the retention in it of dockage, as I have described.

But there is still another breach of trust of which we believe these elevator companies are guilty. It seems that they are in the habit of loaning quantities of our wheat which has been entrusted to their care, to shippers to make out their cargoes. One of the companies involved in the investigation already mentioned pleaded guilty to this charge in trying to account for the discrepancy in the lower grades of wheat. Now we believe that this is a violation of both the letter and the spirit of the "Grain Act." Farmers are sometimes compelled by circumstances to ship grain when they would rather hold it. Some of us have not

granary room, or we may have to haul it out when roads are good or weather suitable. Having shipped from our local shipping point, we sometimes discover that prices have dropped below what we care to sell at, and we decide to hold till a rise in price. Well, we may think we are holding it, and we are being charged storage for it, and possibly we may get a rise in prices, but all the while our wheat may be helping to flood the Old Country markets and defeating the purpose for which we wished to hold it.

Change Long Needed

The Grain Growers' Associations of the West have for over three years been trying to convince this government of the necessity of some change in the method of operating these elevators, so as to remove the evils which exist in this connection, but up to the present time you have only responded by granting increased supervision and inspection; and while we give you credit for being sincere in your efforts to better conditions, we believe, and we say this without any reflection on any officials of the government, that no amount of supervision or inspection can effectually prevent manipulation in our terminals so long as they are owned and operated by private interests which can be benefitted thereby. We believe that nothing short of government ownership and operation will put a stop to these mal-practices and ensure to us that justice and straight dealing which will lift our terminal elevators from the position of distrust and suspicion which they have occupied and restore in them a feeling of trust and confidence in the minds of the Western farmers.

We would therefore recommend that the Dominion government take steps to acquire and operate the terminal elevators as a public utility. And we would further recommend that they be placed in charge of a commission of capable and reliable men who shall be independent of government control; governed by statute rather than by any minister of the government; answerable to a majority of the parliament, and so incorporated that they shall be capable of suing and being sued. Now, it is not from lack of confidence in the present government that we ask for these provisions, but to safeguard our terminal elevator system and the interests of all parties concerned for all time against any government or member of a government who might desire to use this system for their own or party ends and interests; and specially to safeguard against the system being injured or discredited by misconstructions and imputations made against the motives and actions of the government in power by the opposition, whichever party may be in power, and whichever party may be in opposition, human nature being what it is, these misconstructions and imputations will be made wherever there is the smallest visible motive for wrong-doing, even if no wrong is done, and will always gain more or less credence.

Millers Not Satisfied

Farmers are not alone in making these requests. Eastern millers are not satisfied with conditions as they are, and would welcome the change. A large number of commission men, independent grain dealers and exporters of Winnipeg, Toronto and Montreal, have also made the same request, indeed all parties concerned, with the exception of the owners and operators of these elevators, join with us in making this recommendation.

In asking the government to take over and operate the terminal elevators we do not consider that we are seeking a favor of any sort; we only want a square deal. The "Inspection Act" insofar as it applies to the farmer, has been rigidly enforced, and we make no complaint in that respect; but however good the intentions of the government and its officials have been, they have failed to enforce the law in protection of his interests in the terminal elevators.

We do not expect that these elevators under the system we suggest shall become chargeable to the consolidated revenue of the Dominion. Our wheat has always had to pay its way, and as we believe and have tried to show, has

paid a considerable amount of undue toll, and we are willing that it should continue to pay its way, that a sufficient charge should be made to pay for the operation of the elevators, and to pay off the purchase price within a reasonable time. We are of the opinion that the charges in the elevators at the lake front are too high at the present time, being considerably higher than those of elevators on the other side of the lakes. But we would not ask for a reduction until sufficient time has elapsed to show by practical experience what charge is necessary to cover all expenses.

Officials Could Be Used

We understand that at the present time there is a large staff of government officials employed in supervising the operation of the elevators who, if our recommendation was adopted, could be employed in the actual operation, and a considerable saving would be effected by thus avoiding the duplication of employees.

It has been suggested that a change in our laws to make our terminal elevators conform to those at Duluth would meet all the objections that have been made to the manner in which they are operated at present. The only difference between our terminal elevators and those operated under the Minnesota law is that under the Minnesota law private elevators are allowed to operate and that special binning is permitted in the state elevators. Such a condition of affairs in our terminals would accentuate rather than alleviate the conditions that exist. The president of the North Dakota State Union of the Society of Equity, one of the largest farmers' organizations in the grain producing States, says of the Minnesota terminals: "Our system of terminals is simply owned and controlled by the interests and we have nothing to say in the matter. To give you a little idea as to the loss sustained I might say that we are shipping our grain with foul seeds and mixed grains—because facilities are not at hand for separating same—to the terminals and pay the freight on all the foul seeds or oats or flax that may be in the wheat and then we give them all but that grain in the name of which it is shipped." Again he says: "They buy our hard wheat at from No. 1 to No. 4, mix same with the wheat from the Southern or Eastern States, which is much inferior to ours, and after it is mixed the records show that they ship out more No. 1 than they took in." It is quite evident that a change to this condition would not improve matters for us.

Applies to Others

All we have said in regard to the elevators at Fort William and Port Arthur applies equally to elevators that must be constructed in the near future at Hudson's Bay and particularly at Pacific coast terminals. The reasons are even more urgent in respect to Pacific coast than have been advanced for acquiring those at Fort William and Port Arthur. The reasonable and logical way for the grain produced in Alberta and even in the western portion of Saskatchewan to find its market is via what has been termed the "Western route." The Western development that is bound to take place in British Columbia in the next decade assures us that a very large portion of the farm products of Alberta will find a market in this province. The completion of the Panama Canal and also the erection of proper facilities on the Tehuantepec Railway which is bound to come means that a great deal of our Western Canada grain will find its European market via the Pacific coast. The Pacific coast has open ports all the year. There is good reason for believing that an effort is being made at the present time to create Terminal Elevator companies at Vancouver which promises even worse conditions than exist at Port Arthur today. It is the imperative duty of the government to prevent this by taking immediate steps to provide the necessary facilities for the handling of grain at the Pacific coast in such a way that the smallest dealer and the largest elevator owner are upon an equality in the advantages they can secure from it. There is no reason whatever for permitting a condition of things to grow up in Vancouver that will be worse in effect than what we have been com-