

# The Grain Growers' Guide

Winnipeg, Wednesday, October 29th, 1913

## FARMERS LOSING MILLIONS

The farmers of Western Canada will lose this year several million dollars by the fall in wheat prices due to glutting the market. Our Northern wheat is the world's best wheat, and, if properly marketed, would in normal years probably never fall below 90 cents a bushel in store at Fort William. Outsiders regard us as somewhat lacking in sanity, judging by the methods we pursue in marketing our wheat crop. It is really one of the tragedies of the age. Here we have in these prairie provinces soil which will produce wheat that, bulk for bulk, year in and year out, has no equal on the world's markets. And yet on the British market Canadian wheat is nearly always quoted at a lower price than several other foreign wheats. The other big wheat exporters are Russia, India, Australia, Argentina and the United States. There is a certain district in Russia which produces wheat of a quality that the British millers claim is the superior of Canadian hard wheat, but the quantity is quite inconsiderable. With this exception, none of the countries mentioned export any quantity of hard wheat of an intrinsic value within several cents per bushel of that of our Canadian hard wheat for milling purposes. Another distinct advantage possessed by Canada is our modern grain handling facilities. No other country has anything which will approach our bulk handling system. In Argentina there is not a single country elevator, and no railway cars for handling loose grain. All the grain has to be sacked in the country and carried to the terminal elevators at the seaboard for foreign shipment. India, Russia and Australia are many years behind Canada in their grain handling facilities. The United States system is much the same as the Canadian, but the United States is consuming more and more of its own wheat crop and steadily becoming a less important factor in the European market. The export of hard wheat from the United States is now a thing of the past. Is the situation, then, not something to cause the gravest consideration? We have the best product and the best facilities for marketing it, and consequently we should get the highest price, and every Canadian farmer who knows how to grow wheat should be making money. As it is, however, not more than 10 per cent. of our farmers are making any profit out of growing wheat, and thousands of them this year will not make wages for their labor, to say nothing of interest on their investment. Why is it that our farmers year after year glut the market with their wheat, and force the price down from 7 to 12 cents below the actual food value of the wheat? The explanation is to be found in our economic conditions. Practically every country hotel in the prairie provinces today is a rendezvous for a swarm of collectors of farm machinery manufacturers, mortgage companies and other concerns who have extended credit to farmers. Each one of these is hounding the farmers in the vicinity and forcing them to dump their crop upon the market and get enough money to meet their demands. Undoubtedly the farmers themselves are greatly to blame. They have too frequently yielded to the persuasive arguments of enthusiastic salesmen, and bought machinery and other articles that might have been dispensed with until some future time. When making a purchase in the spring time the farmer is naturally inclined to be optimistic, and too frequently takes upon himself an obligation larger than he should. October comes and finds him unable to meet his payment and at the same time finds his other notes to the lumber com-

pany, the local bank, the local merchant, the mortgage company and various others all due and payable with interest running from 10 to 15 per cent. after maturity. Naturally, the collector-harassed farmer becomes desperate and he has no other course but to unload his grain upon the market and take for it anything that he may be fortunate enough to get. The farmers themselves must learn and practice thrift, and our financial situation must be improved so that the farmers may have the necessary credit at living rates of interest. It is only by this means that the farmers of Australia, New Zealand, Ireland, India and Germany and other progressive countries have been able to develop agriculture to anything approaching its highest possibilities.

## CO-OPERATION THE SOLUTION

The report of the Royal Commission appointed by the Saskatchewan government to inquire into the question of agricultural credit, a summary of which will be found on page seven of this issue, is one of the most important, and one of the most progressive, public documents ever submitted to a Canadian government. The commissioners—J. H. Haslam, Chas. A. Dunning, and Dr. Oliver—held sittings at a number of places in Saskatchewan in order to ascertain the condition and needs of the farmers of the province, and also visited Great Britain and a number of other European countries to study the various systems of agricultural credit which have been adopted there. As a result of their inquiries, the commissioners unanimously condemn the system at present in vogue in this country, under which farmers in need of money for the improvement and stocking of their land, or for working capital, become the victims of mortgage companies and banks controlled outside the province and operated, not for the service of the farmers or to aid the development of the agricultural industry, but for the sole purpose of making the largest possible profit. The Commission found that four-fifths of all the patented farms of Saskatchewan were mortgaged, and at a rate of interest on the average exceeding 8 per cent. In the 15 months prior to August 15 last there were over 1,700 sale and mortgage proceedings in Saskatchewan. In only 8.7 per cent. of these cases was the rate of interest less than 8 per cent., the rates ranging from this figure up to 15 per cent. The farmers do not escape criticism at the hands of the Commission. It is pointed out that frequently they neither meet their payments to the mortgage companies when due, nor notify the company that they are unable to do so, and that many farmers have been guilty of extravagance in the purchase of implements, land and expensive sources of power. The lack of cohesiveness in Western rural life and the lack of concerted action or organized market arrangements for products other than dairy products and grain are also remarked upon. As a solution of these difficulties, the Commission recommends the adoption of the co-operative principle—co-operative buying, co-operative selling and co-operative credit. To pave the way for co-operative buying and selling, the government is asked to secure the passage of co-operative legislation and to assist in the organization of co-operative societies throughout the province. To provide long term credit, the commission proposes that a Co-operative Farm Mortgage Association should be established with local branches throughout the province and a central office in charge of a paid commission under the control of a representative board. It is proposed that this association shall make

loans to its members on mortgage security, the money being raised by the issue of bonds based on the joint security of all the members of the association, and in addition guaranteed by the provincial government. Similar schemes have been adopted in Germany and Denmark and experience shows that bonds issued on the joint security of members of such an association, even without the guarantee of the government, are very highly regarded and can be sold at low rates of interest. With the government guarantee behind it the Saskatchewan Co-operative Farm Mortgage association should be able to borrow money at 4½ per cent. without the slightest difficulty, and since no profit is to be made out of the scheme and administration expenses are to be kept as low as possible, it should be possible for the association to lend money to the farmers of the province at 6 per cent. at the outside.

Every farmer can figure how much he would be saved if the interest on his mortgage were reduced to 6 per cent. A reduction in the interest charge of 2 per cent., the report points out, would enable every farmer to completely wipe out his present indebtedness in 24 years by continuing to pay what he now pays in interest alone. Another good feature of the commission's proposal is that repayments of capital are to be made on the amortization plan and spread over a period of from 15 to 35 years. That is to say a fixed sum will be paid each year which will include interest and a portion of the capital. The agricultural bank, which is to be established by the Co-operative Farm Mortgage association, is necessary to round out the system and provide loans on personal security, to finance the harvesting of crops, and for other temporary purposes. Such a bank at first might not secure very large deposits, but as the province becomes more settled, and as the farmers improve their methods and enjoy greater prosperity through co-operation, it is likely that the farmers as well as city people will accumulate savings which will be attracted to the bank by a reasonable rate of interest. The whole scheme, as outlined by the commission, is a big one. If it is adopted by the government and the legislature, as it probably will be, it will put the farmers of Saskatchewan to a great test. They will be provided with all the facilities for the establishment of a great co-operative commonwealth and they will be invited to work out their own salvation along co-operative lines. We believe that the farmers of Saskatchewan will be equal to the task imposed upon them. They have successfully organized and are successfully operating a great co-operative elevator system. They have, under government auspices, successfully carried through its first season a big hail insurance scheme. They can also make a success of co-operative buying and selling, co-operative credit and co-operative banking. The Guide has been preaching co-operation since the day it was established, and we rejoice that it is apparently about to be adopted on a large scale in Saskatchewan.

## FREE TRADE WITH BRITAIN

Should there be Free Trade between Great Britain and Canada? This is the second of the questions to be voted on December 3 in The Guide Referendum. The telegram sent by The Guide to the Canadian Manufacturers' Association at their recent convention in Halifax has served more than one useful purpose. It tore away the mask of loyalty behind which the pocket book patriots seek ever to hide. This showing up was only a repetition of what happened a year ago,