

The Grain Growers' Guide

Winnipeg, Wednesday, December 8th, 1915

COMMANDEERED WHEAT

The commandeering by the Dominion Government of over 17,000,000 bushels of wheat in store at Fort William and Port Arthur and at Eastern points, which was announced by the Grain Commission just before midnight on Saturday, November 27, caused a great deal of excitement and confusion in the grain trade. The exact purpose of the seizure is not yet clear, for altho the Department of Trade and Commerce at Ottawa, which was responsible for the action, announced that the wheat was being secured at the request of the British Government for war purposes, the British official press bureau gave out the statement from the British Board of Agriculture that no such request had been made. The Federal Government undoubtedly has the right in time of war to take possession of wheat or any other property which in its opinion it is desirable to acquire, and to fix the price or compensation which will be paid. The official statement issued by the Ottawa Government states that the wheat was acquired by commandeering, because if it had been purchased in the ordinary way, the fact of the government placing an order for a large quantity of grain would have caused the market to rise abnormally and would thus have greatly increased the price which the British Government would have to pay and that the profit would have gone to the dealers and speculators holding the stocks in the elevators and not to the producers. If the commandeering resulted in prices going up, it was pointed out, the producer and not the dealer or speculator would reap the benefit. Well informed men in the grain trade are of the opinion, however, that the government could have bought the grain in the ordinary way without affecting the market to any great extent and that it would have been much better to have taken that course. The confusion in the grain trade was caused chiefly by the fact that a great deal of the grain in the terminals was the property of exporters who had made contracts for delivery at Buffalo and other Eastern points and are now unable to fulfill their contracts. Some wheat was also owned by dealers, who, in hedging their purchases from farmers or on the exchange, had made sales for future delivery. This is the general practice of all grain dealers and is necessary in order to reduce to the minimum the speculation involved in purchasing from the producer a commodity which is constantly fluctuating in value. The grain men were also anxious because they did not at first know what price the government would pay for the wheat or whether they would be compensated for any losses they would suffer thru being unable to fulfill their contracts. Millers were affected by the seizure of grain which they required for grinding, and exporters found themselves with boats chartered to carry wheat down the lakes and no wheat to fill them with. As a result of the uncertainty and to prevent a panic on the market, trading in wheat was suspended on the Winnipeg Grain Exchange for one day. On Monday night the announcement came from Ottawa that the government would pay for the wheat seized at the closing prices on the Winnipeg Grain Exchange on Saturday, which were \$1.04 $\frac{3}{4}$ for No. 1 Northern, \$1.03 $\frac{1}{8}$ for No. 2 Northern and 98 $\frac{3}{4}$ cents for No. 3 Northern. It was further stated that the government would not admit liability for any losses which might be suffered as a result of the seizure, but the situation has been somewhat relieved since by the government consenting to lend wheat to millers who need it for grinding and also to shippers who had boats waiting to be loaded, the same quantity and grade to be returned later and a deposit of 10 cents per bushel on the grain

loaned being posted by the miller or shipper. While the great bulk of the wheat seized was the property of grain dealers, a considerable number of farmers had grain in store at the head of the lakes which they were holding for better prices. Their wheat was taken over by the government and will be paid for at the prices given above, tho just when payment will be made is not known at the time of writing. Some inconvenience was caused thru the delay in payment to farmers who were intending to sell at the end of November and required the money to meet obligations coming due at once, but this is a comparatively small matter in war time.

The effect of the commandeering of the wheat on the market was not as great as most people expected. United States markets went up 2 cents on the Monday when the Winnipeg Exchange was closed for wheat, and since then prices have steadily advanced, the closing price for cash wheat on Saturday, December 4, being 6 $\frac{1}{2}$ cents above that of the previous Saturday at which the seizure was made. Some grain dealers who suffered personal loss or inconvenience have criticized the government very severely for the drastic action in commandeering the wheat, but in time of war it is impossible for the authorities to reveal all the motives on which they act, and in the general interest it is necessary to place some confidence in those in power, trusting that they will not abuse their authority. Perhaps the greatest damage that has been done is the creation of a feeling of insecurity on the part of the grain trade. The dealer who never knows when his plans are likely to be upset by government action will not be keen to do business except at an attractive margin of profit.

DISTRICT CONVENTIONS AND WAR TAXES

Thruout the prairie provinces at the present time the organized farmers are gathering in district conventions in preparation for the big annual conventions of the Grain Growers' Associations and the United Farmers of Alberta. These district conventions are a development of recent years and have become necessary by the growth in membership of the farmers' organizations and the widening of the range of their activities. There is no longer time to thresh out every question in the three days of the annual provincial conventions and the district meetings provide facilities both for promoting local organizations and for a more thorough discussion of questions of public policy. The district conventions will add very materially to the efficiency of the annual conventions and give even greater weight to their decisions than before, by reason of the fact that it will not be necessary to pass resolutions on important matters without all sides of the question having been fully considered by the delegates. Many of the resolutions dealt with at the annual conventions will come up from the district conventions and the delegates will thus be prepared to give an intelligent decision upon them. One of the important questions to be dealt with this year is that of war taxes. In this connection we would draw attention to the very excellent resolution passed by the Neepawa district of the Manitoba Grain Growers' Association at its convention on Thursday, November 25, which will be found on the Manitoba page of this issue. In this resolution it is recommended that the Federal Government undertake the whole cost of enlisting, equipping and maintaining the Canadian forces in the war and provide all the necessary ambulances, hospital and relief departments as well as take care of the disabled soldiers and their dependent families, securing the necessary funds by the taxation of land

values thruout the Dominion. There is no doubt that the present system of raising money for the Red Cross, Patriotic Fund and Returned Soldiers' Associations by voluntary contributions imposes a heavy burden upon the generous while allowing others to escape their obligations, and it would be very much more equitable, and probably very much more economical, if the government would undertake the financing of work, which is after all the nation's business and should not be a matter of charity. The raising of the necessary funds by the direct taxation of land values thruout the Dominion is to be most heartily commended. There is no doubt that it would be greatly to the interest of the people as a whole, tho greatly to the disadvantage of Special Privilege in many forms, if all revenues, federal, provincial and municipal, were raised by the direct taxation of unimproved land values. We hope the other district conventions thruout the West will thoroughly discuss this question so that the three provincial conventions may be prepared to pronounce upon it when they meet.

THE CROP YIELD AND LIVESTOCK

It is scarcely necessary to emphasize now-a-days the essential part which livestock plays in farm economy. Every farmer knows that the permanence of his work on the land depends eventually upon the keeping of a sufficient number of livestock. But there is probably a tendency in this country to underestimate the importance of this fact. This year the largest grain crop in the history of Western Canada has been harvested. What effect will this sudden, and perhaps temporary, prosperity of the grain grower have on the development of the livestock industry? In the past, after a good crop year farmers have practically lost interest in livestock matters until one or more unfavorable seasons once again forcibly impressed the error of having all their eggs in one basket upon their minds. This year it is generally believed that the enormous crop will not have the usual effect. In fact there seems reason to anticipate that a reasonable portion of the money which the grain has brought to Western farmers will be wisely expended in the purchase of more livestock. The day of the wheat miner is passed. Bonanza farming is largely a memory. No matter how large yields have been this year the farmer remembers when there was not sufficient grain grown on his farm to pay living and working expenses and there can be no doubt that if he is able and wise he will see to it that never again will he be dependant upon grain and grain alone for his living. This belief is borne out by facts. The enquiry for sheep in the three Western provinces has been altogether unprecedented. Thousands of ewes have been asked for and a large number of orders remain unfilled. Cattle, too, particularly breeding stock, are in good demand. Western farmers still seem a little chary about going into hogs after their disastrous experience in the fall of 1914, but this is a matter which will naturally right itself in the course of time. Eight and even nine cent hogs will not be always looked on with disfavor. Indications are that hogs will keep high in price for some time, bacon supplies being short in Canada, and altho feed grain is comparatively high, any experienced farmer knows that there is money in hogs at present prices. Horses just at present in the West are slow sellers, but there is every reason to believe that business will be brisk before spring. No one can question the fact that pure bred horses of all breeds, but particularly Belgians and Percherons, will be in much greater demand owing to the enormous wastage occasioned by the European war. Good grade draft