

Why Wheat is Cheaper

How Steamship Companies Subsidized by Public Money have Combined to Raise Freight Rates and Reduce the Price of Grain to Canadian Farmers

By J. W. WARD

Western farmers are well aware of the fact that there are many powerful interests who regard them as their lawful prey. The exactions of the machine companies, of the interior and terminal elevator companies, the banks, the loan companies and the railways have all been very much in the limelight of late, and efforts are being made of various kinds which it is hoped will ultimately bring relief to the farmer and enable him to enjoy a much greater proportion of the fruits of his own labor. The complexities of the farmer's business, and of other interdependent businesses, are such, however, that it is quite possible that other interests than these, whose operations are conducted farther away from the farm and with which the farmer is not so well acquainted, may also have the farmer at their mercy and may be compelling him unconsciously to yield them even greater tribute than those who are nearer home.

Many farmers in Western Canada last year, as a result of bringing new acres under cultivation, were able to place in their granaries three bushels of grain for every two which they harvested in the previous season. The big crop, they said, had come at last, and they would be able to pay their debts, build a new house to replace the old shanty, and give their families a home worthy of the name. But when they had sold their grain, paid the thresher and the twine bill, they found that the big crop had actually brought them less money than that of the year before. It was a case of more work and less pay, more money to pay out for labor, for materials and for living expenses, and less to pay it with. Instead of the struggle to get out of debt being over, it had to be begun again with an even greater handicap to overcome.

A Growing Spread

Naturally, the question is being asked, "Why has the price of wheat been lower during the past winter than in the corresponding period a year before?" The price of wheat, it is true, was a few cents lower at Liverpool, where the greater part of the Canadian surplus is marketed, but it was not as much lower at Liverpool as it was in Canada. A comparison of prices at Fort William and Liverpool during the present shipping season shows that the spread between Fort William and Liverpool was from three to eight cents higher during last fall and winter than on corresponding dates a year previous. To take a few dates at random, it will be found that on December 11, 1911, Manitoba No. 2 Northern wheat sold at Liverpool for \$1.12½ and at Fort William for 91½ cents, a spread of 21½ cents, while on December 7, 1912, Manitoba No. 2 Northern wheat sold at Liverpool for \$1.03½ and at Ft. William for 76½ cents, a spread of 27½ cents, an increase of 5½ cents. On November 6, 1911, the spread was 16¼ cents, and on November 9,

Yearly Averages						
ATLANTIC PORTS TO	LIVERPOOL		LONDON		GLASGOW	
Year	Flour	Grain	Flour	Grain	Flour	Grain
1907	8.37	6.08	10.15	7.7	10.87	7.87
1908	7.8	5.46	8.34	6.93	8.85	6.68
1909	7.20	5.63	8.08	5.35	8.60	6.08
1910	8	5.06	8.33	5.48	8.29	4.93
1911	9.08	6.99	9.08	6.94	9.75	6.97
1912	16	12.75	16.82	14.95	17.67	13.92
Average yearly	9.40	6.97	10.12	7.89	10.67	7.74

Rates in 1911						
ATLANTIC PORTS TO	LIVERPOOL		LONDON		GLASGOW	
	Flour	Grain	Flour	Grain	Flour	Grain
January	8	6.75	8	6.31	9	7.00
February	8	7.00	8	6.31	9	6.75
March	8	5.88	8	4.65	9	5.25
April	8	4.37	8	5.00	8	5.00
May	8	4.60	8	5.25	8	5.25
June	8	4.80	8	5.25	8	4.50
July	8	5.25	8	5.25	8	4.80
August	8	6.10	8	6.10	10	6.53
September	9	8.52	9	7.43	11	6.75
October	10	8.95	10	8.75	12	9.77
November	12	11.20	12	10.25	12	10.50
December	14	10.50	14	12.75	13	11.58
Average	9.08	6.99	9.08	6.94	9.75	6.97

Rates in 1912						
ATLANTIC PORTS TO	LIVERPOOL		LONDON		GLASGOW	
	Flour	Grain	Flour	Grain	Flour	Grain
January	17	11.37	15	16.38	15	14.12
February	17	13.33	15	14.87	15	13.53
March	17	12.25	15	12.45	15	13.10
April	14	12.45	15	13.53	16	12.88
May	12	9.77	14	10.76	15	12.88
June	12	7.67	14	None	15	8.30
July	12	8.30	14	None	16	7.00
August	14	7.92	16	10.05	16	9.60
September	18	15.50	20	14.10	21	14.43
October	19½	18.15	20	19.25	22	20.75
November	19½	19.66	22	21.00	23	21.10
December	19½	16.58	22	17.20	23	19.45
Average	16	12.75	16.82	14.95	17.67	13.92

1912 it was 24¼ cents, an increase of 8 cents per bushel. On January 29, 1912, the spread was 25½ cents, and on January 25, 1913, it was 29½ cents, an increase of 3¾ cents. On May 13, 1912, the spread was 19½ cents, and on May 10, 1913, it was 22¾ cents, an increase of 3 cents. The spread between Fort William and Liverpool prices represents the cost of carrying the grain from the elevators at Fort William and Port Arthur to Liverpool and includes transportation and transfer charges, interest, insurance, dealers' profits and various other incidentals. The largest of all these items is the cost of transportation—lake and ocean freights—and we need look no further than this single item to discover a sufficient reason for the increased spread between Liverpool and Fort William prices which has developed within the last year or year and a half.

Ocean Freights Doubled

Unlike railway rates, lake and ocean freights are not controlled by the government and are continually fluctuating, and it is therefore more difficult to ascertain precisely what these charges are from time to time. Arthur Meighen, M.P., of Portage la Prairie, has, however, made an exhaustive study of this question, and recently gave figures in the House of Commons which show that ocean freights on grain were more than twice as high in 1912 as the average of the previous five years. The rates on flour have been increased in like proportion, as the accompanying tables, given by Mr. Meighen, will show:

Mr. Meighen did not go into the question of lake freights, considering, no doubt, that the ocean rates were sufficient for Parliament to digest at one time, and though this omission was criticised by some opposition members, his critics were not able to supply exact information on the point. Enquiries made by the writer, however, show that water rates from Fort William and Port Arthur to Georgian Bay ports, to Montreal and to Buffalo, have also been advanced during the past year. At the time of writing, lake freights on grain from Fort William and Port Arthur are 2 cents per bushel to Georgian Bay ports, 2¼ cents to Buffalo, and 6¾ cents to Montreal. The vessel agent who gave these figures stated that at this time last year rates to the Bay and Buffalo were 1½ cents and to Montreal 5½ cents.

Thus the rate this year is from ¼ a cent to 1¼ cents higher than a year ago, a considerable item on the whole crop, but not nearly as big a factor as the increase in the ocean rate.

Affects Price of Whole Crop

A perusal of the above figures shows one at least of the reasons why the farmers of the West have received less money for the grain they grew in 1912 than they did for the crop of previous years. Under normal market conditions the price of grain anywhere in

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GRAIN FLEET THAT DEPARTED FROM PORT ARTHUR

April 19 there departed from the twin cities of Fort William and Port Arthur, eastward bound, sixty great lake freighters, laden with approximately 12,250,000 bushels of wheat, oats, flax and barley, being the vast fleet which has been lying in the twin city harbors during the past winter, and which the opening of navigation has set free. This gigantic fleet, placed stem to stern, would form a line of ships over four miles long, but extended as they were that day they formed a procession of vastly greater length, and presented the grandest view of a commercial fleet ever beheld on inland waters, illustrating the great development of Western Canada, and of the twin ports as the greatest shipping centre of the Dominion. Early last fall, when it was realized that the elevator storage capacity at the head of the Canadian navigation was going to be inadequate for the enormous amount of grain which would be sent forward for storage during the winter months, the owners of vessels were asked by the Canadian Government to send their ships to lie up at these harbors and load grain when required, during the winter, thus relieving the congestion at the elevators. The sixty large freighters at the docks of the twin ports of Port Arthur and Fort William were the vessel owners' answer to this request.