

## THE STRUGGLE FOR GOVERNMENT ELEVATORS

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fact that at only a few points will the elevators require to be kept open for the whole of the year, \$720 per annum is a fair allowance for salary of operator.

Cost of operation may be estimated as follows:

Operator's salary .....	\$720
Helper's salary (3 months) .....	135
Fuel .....	150
Repairs and upkeep .....	150
Apportionment of cost of general supervision of system (commissioners, etc.) .....	45
Total cost of operation .....	\$1200

Taking the capacity of the average elevator to be 30,000 bushels and that the storage supplied is equal to one-third the amount passing through, each elevator would have the handling of 90,000 bushels. At the customary charge of one and three-quarters cents a bushel (allowing that one quarter of a cent. is absorbed in insurance on building and contents) the revenue for receiving, cleaning, storing for fifteen days and loading into cars of the 90,000 bushels would be \$1,350, sufficient to pay the cost of operation and leave a credit balance of \$150. But the one and three-quarters cents. per bushel is only for fifteen days' storage. The customary charge for each additional thirty days' storage is three-quarters of a cent. per bushel at the initial elevators. At the terminal elevators it costs one cent per month after the first fifteen days.

Delivered grain, not sold for export prior to the close of navigation, must for the most part be stored either in the initial or the terminal elevators until the following May.

Despite the greater cost of storing in the terminal elevators, farmers desiring to finance on the security of their stored grain are forced to send it forward in order to obtain weight and grade certificates. In a Government system, however, where these documents could be secured while grain remained in the initial elevator, the tendency to let it lie in store there would be greatly increased.

It is safe to say that on an average three months storage would be collected on at least the full capacity of the elevators, or an additional revenue from each elevator of \$675. This amount, added to the \$150 of surplus obtained from first storage charges would make a total surplus over cost of operation of \$825 for each elevator. This amount would be sufficient to meet not only the interest on the bonds sold to furnish the purchase price but to redeem these bonds within a reasonable term of years.

### Fears for Success of Government System Unless Made a Monopoly, Unwarranted

It has been urged that the owners of private elevators, relying on their brokerage business and purchase of street wheat, to make up their losses, could charge less than cost for storage, and thus divert the business from the government elevators, causing them to be operated at a loss. For this reason it has been claimed that the Government should have a monopoly.

Should such tactics be adopted there is no reason why the Government should not itself in self-protection adopt the same tactics. It could sell car lots for its patrons on commission and collect the offerings of street wheat into car lot shipments thus extinguishing the large profits that private operators now make out of the more needy farmers.

The willingness of the government to undertake this, if necessary, would make private owners hesitate to challenge the competition of the government.

It must be remembered that the present determined struggle for Government Ownership, together with the excessive use of the loading platform, is due to the revolt of the farmers against the treatment accorded to them in private owned elevators. This year thirty-three per cent. of the grain has been loaded over the loading platform, not because it is cheaper or more convenient to employ this method, but because it afforded an escape from the exactions of elevator owners.

It is worthy of note that at points where there are well managed farmers' elevators, they are getting much more than the average of the line elevators at the same points, while the loading platforms at these points are very little used.

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It is not a desire to evade elevator charges which drives men to the loading platform, since saving in labor of hand loading, saving in freight charges on screenings by cleaning before shipment, and value of screenings saved for feeding purposes in most cases would amount to much more than the elevator charges escaped in using the platform.

Government elevators would be more popular than farmers' elevators, because these may sometimes be run to make as much profit as possible for their shareholders out of the farmers who have no financial interest in them. But the chief advantage that a government elevator will have in attracting grain away from private elevators, apart from the sense of security from improper practices, will be the fact that certificates of weight and grade can be issued upon which the farmer may finance until price conditions warrant sale.

Since the revolt against the line elevators has become so pronounced farmers' elevators at many points have paid handsome dividends, while the line elevators at the same points have taken in so little grain that they must have been run at a loss, unless their speculations were enormous.

The widespread and still growing appreciation of the necessity for breaking the monopoly which private ownership of storage has built up is the best assurance that the government system would be patronized even though the bribe of cutting storage below cost were offered to the public for the purpose of attracting the grain to the privately owned elevators.

The movement for the government ownership of elevators would have been much stronger at this time but for a misapprehension of the public.

The representatives of the Grain Growers in preferring their requests to the Premiers, out of courtesy to them, did not emphasize their desire that the system should be operated under the supervision of an independent commission, intending to urge this after the principle had been accepted. They recognized the general truth that direct supervision of the working of public utilities by a government composed of men who have been selected by their fellows for other reasons than recognized business ability would in the beginning be likely to produce very unsatisfactory results. Up to the present time the functions of