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Minutes of proceedings.
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SESSION 1925

HOUSE OF COMMONS

MINUTES OF PROCEEDINGS (INCLUDING DISCUSSIONS)

OF THE

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

RESPECTING

BILL No. 113, AN ACT RESPECTING GRAIN

TUESDAY, JUNE 16th, 1925

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1925

MINUTES OF PROCEEDINGS

SELECT STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

HOUSE OF COMMONS,

June 16, 1925.

Members present: Messrs. Anderson, Baldwin, Benoit, Boucher, Bouchard, Bourassa, Bowen, Brethen, Brown, Caldwell, Campbell, Carruthers, Charters, Chew, Clifford, Crerar, Davis, Dechene, Delisle, Denis (St. Denis), Desaulniers, Descoteaux, Duncan, Evans, Fontaine, Forrester, Fournier, Garland, Gendron, Gervais, Gould, Hanna, Hopkins, Hubbs, Jelliff, Jones, Kay, Knox, Lanctot, Lapierre, Lovie, Leader, Lucas, McConica, McCrea, McKay, McKillop, Ouimet, Pritchard, Rankin, Raymond, Robinson, Roberge, Ross, Sales, Savard, Senn, Sexsmith, Sinclair (Oxford), Spence, Stewart (Argenteuil), Stewart (Humboldt), Stirling, Thurston, Tobin, Tolmie, Warner.

The Chairman, Mr. Kay, presided.

Bill 113, The Canada Grain Act, was again considered.

Section 2 (bb) was adopted without amendment.
(cc) was adopted as amended.
(dd) was adopted without amendment.
(ee) new paragraph was adopted.

Section 6 was adopted as amended.

Section 79, Reprint, moved as a new *section 80A*, was adopted.

Section 93, Reprint (*section 94* of the Bill), was adopted as amended.

Section 140, Reprint (*section 141* of the Bill), was adopted without amendment.

Section 143, Reprint (*section 144* of the Bill), was adopted as amended.

Section 150, Reprint (*section 151* of the Bill), was adopted as amended.

On the consideration of *section 151*, subsection (2) of the Bill (*section 150* of the Reprint), Mr. Crerar moved that the same be amended as set out in the Notice of Motion standing in his name on the Orders of the Day, viz:—

Section 151 (2)—Strike out all the words beginning with the word "if" in the 31st line to the end of the subsection and insert in lieu thereof the following: "in quantities not less than carload lots on track at a public terminal elevator (unless otherwise mutually agreed) at such terminal point in the Western Inspection Division as the owner may specify (or on track at such proper terminal elevator at or adjacent to Duluth as the owner may specify) so soon as the transportation company delivers the grain at such elevator and the certificates of grade and weight are returned.

Where delivery is made into cars on track at the country elevator the Bill of Lading (if issued) and an affidavit of weight shall upon request be delivered by the country elevator to the owner and thereupon the country elevator shall be relieved from further liability for grades and weights.

Should a country elevator on the order of the owner deliver the grain at a private terminal elevator approved by the country elevator, the country elevator shall guarantee the grade and weight."

The question being on the amendment, the same was carried on a recorded division: Yeas, 34; Nays, 13.

Yeas—Messrs. Anderson, Arthurs, Benoit, Boucher, Bouchard, Bowen, Charters, Clifford, Crerar, Dechene, Delisle, Descoteaux, Duncan, Fontaine, Forrester, Fournier, Gendron, Gervais, Hanna, Knox, Lapierre, McKay, McKillop, Malcolm, Morrison, Reed, Robinson, Roberge, Savard, Sinclair (Oxford), Spence, Stewart (Humboldt), Tobin, Tolmie—34.

Nays—Messrs. Brethen, Brown, Evans, Jelliff, Leader, Lovie, Lucas, Millar, Milne, Motherwell, Pritchard, Sales, Warner—13.

The Committee adjourned.

A. A. FRASER,
Clerk of Committee.

DISCUSSIONS

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

TUESDAY, June 16, 1925

The Select Standing Committee on Agriculture and Colonization met at 2 p.m., the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: Section 141. Shall the clause carry? I gather that there will be some discussion on this clause.

Hon. Mr. CRERAR: I understand that there are several amendments before the Committee on section 141.

The CHAIRMAN: Perhaps the most comprehensive amendment is that moved by Mr. Motherwell—

> "I give notice that when section 141 is reached that the whole question of mixing be fully reconsidered and this section redrafted, amended or rescinded in the light of such discussion."

If anything like that should happen, we would not have the section as it is.

Hon. Mr. CRERAR: What occurred to me, Mr. Chairman, with respect to section 141 is that in my judgment the Minister of Agriculture is rather opposed to the principle of mixing at all in those elevators, and I believe there are some other members of the Committee who are in the same dubious state of mind.

The CHAIRMAN: I do not know whether Mr. Motherwell's state of mind is dubious on that point.

Hon. Mr. CRERAR: I would suggest that we consider the principle of mixing first, the question of whether we should have mixing, and then we could discuss the conditions under which it should exist later.

The CHAIRMAN: Have you anything to say about mixing, Mr. Motherwell?

Hon. Mr. MOTHERWELL: I think I have an amendment on that.

The CHAIRMAN: I have read the amendment.

Hon. Mr. MOTHERWELL: Some one asked me if I was going to be content with destructive criticism, or whether I was going to offer constructive criticism. I may require to do a little of both. Now, Mr. Chairman, on principle, I am opposed to mixing. Apparently we have it, without any legal assent; under the pretext of a sample market, it has got wormed in somehow or other, I do not know how. But it is there, without any intention apparently of making it legal by the Act when it was passed and revised in 1912. This Bill we are considering is based upon the report of the Royal Grain Commission and it authorizes mixing and gives the details to be carried out in that regard. It may be well to refer very briefly to some sections of the report on which this section is based to show why it was done. On page 106 the Commission states

> "While we do not think the private terminal elevators should come to enjoy the privilege of receiving straight grade certificates on the outward inspection of their grain, we consider it to be of equal importance that confidence in grain in the public terminal elevators should not be

disturbed. We consider it should be possible for the exporter or the eastern miller to obtain his shipments from grain in the general bins of a public terminal if he so desires it. It should be equally certain that the farmer should be able, without encountering undue pressure or obstacles, to place his grain in the general bins of the public terminals if he wishes to store it there or sell it in that position.

"With a view to maintaining the quality of the grain in the public terminals they should not be allowed to accept for storage in their general bins grain coming from elevators licensed as private mixing houses."

That is a straight admission on the part of the Commission that if you mix grain in elevators licensed as private mixing houses and put it in the general bins in the public elevators, it is going to deteriorate the quality of the grain of the public elevators. In order to preserve a high quality, or rather the quality, in the public elevator, it is essential that the grain from the mixing elevators shall be kept in separate bins. Then it says later on in the Act that if that is done and they undertake to ship it out, that is the grain from both the special bins and from the public bins, it shall be dumped into one boat and constitute the same cargo. By that means, according to the admission of the Royal Grain Commission, the general product that goes forward to the British market will deteriorate. Not only at this time, but on other occasions, our mills in the West have picked out their special cars of grain; they have picked off the cream. The Americans come over and pick out special cars of grain and the eastern millers have been doing exactly the same thing in taking their requirements out of the public elevators, and then having been skimmed three successive times, the residue goes forward to the British market to compete there with other parts of the world. We have skimmed it, sending up the price not only for the skimmed milk, so to speak, but for the cream that is used at home. That is the condition of things, and the question is, how are we going to get out of it. In order to support that statement, let me refer to one or two things in the Commissioners' report. I hope I am not taking up too much time.

The CHAIRMAN: I intended to suggest to the Committee, before Mr. Motherwell arose, that we should try to restrict speaches to as short a time as possible.

Hon. Mr. CRERAR: The question is a very large one, and you cannot unduly limit the speeches.

The CHAIRMAN: I was only going to suggest that the members of the Committee be as brief as possible.

Hon. Mr. MOTHERWELL: Here is what Mr. Rutherford said in his report on page 176:—

"You may be sure of this, that Manitobas have an intrinsic value in themselves, viz. for their strength and yield, especially ones and twos. If these are impaired in any way—if the grades are lowered by degrading or mixing either intentionally or unintentionally, the British miller will know it, and the price will be lowered in consequence."

On page 186 there is this statement:—

The practice of mixing at the head of the lakes and at other points before reaching there has been going on for a number of years in a comparatively small way, but has increased rapidly since 1920. The evidence before our Comission showed that, while there were often times superior cargoes shipped out of the private houses, on the whole the grain out of the private houses was slightly inferior to that out of the public; the private house now is permitted to store its grain in the bin of the public elevators along with the country run of other stored grain. No doubt the mixing of grain, as it has been carried on in the past, has played a part in reducing the quality of grain through Atlantic ports."

Now, that is what was said by Mr. Rutherford on the one hand, and in the General Report on the other. The Commission was under the necessity of getting a report to coincide, and that has been to some extent disregarded. They have come, perhaps, as near as possible to something that all five petitioners could cite in 141, but to me the argument that has led up to this has been most damaging to the conclusions. Now, what are we going to do about it? Are we going to permit the mixing, under the terms of this Bill, or are we going to abolish it altogether, or shall we compromise? Is there some halfway point, the same as some of our friends propose with regard to screenings? I think it will be unfair to abolish mixing at once. All of these elevators have facilities for mixing, and it will throw their institutions out of joint, and there will be a considerable loss entailed in their readjusting themselves, and yet the more we think of it, the more we think it is a mistake, because we have no place to get off. See the conditions it involves; see the position it gets us into with regard to the relativity of the pool wheat, and the owners of the oher wheat. It cannot stand inspection under the provisions as we have them in this Act. The pool is against other interests, and yet that is what the principle of mixing gets you into. I will not take any arbitrary stand, except to philosophize along these grounds, and take the position that the principle, when once admitted, gets you into all kinds of difficulties, and keeps on deteriorating. I have an amendment to suggest, after the discussion is through, providing that, Section 141, and all other sections legalizing mixing, shall cease to exist on and after the first day of August, 1927, which will give us two grain years to arrange a different order of things. That is all I have to say. I am not suggesting the amendment now; I am merely making the suggestion.

The CHAIRMAN: Has any other member anything to say regarding sub-section 1 of Section 141?

Mr. SINCLAIR (Oxford): We cannot hear what you say back here.

The CHAIRMAN: We are discussing Section 141, sub-section 1. Is there any further discussion? There is an amendment to sub-section 1.

Hon. Mr. CRERAR: Do I understand, Mr. Chairman, that Mr. Motherwell is proposing an amendment that all mixing shall cease after the 1st of August, 1927?

Hon. Mr. MOTHERWELL: Yes, that is what I am going to suggest. That will give us two grain years. I would like to hear the discussion. I only have my own conclusions, and after hearing the discussion I might be prepared, if anybody has something better to point out, to arrive at some other conclusion. And naturally you would want me to say what I propose, and what I have said is the best I can propose now. I have an open mind, if anybody can convince me something else is better, but it will all be based on this, that, on principle, I do not believe in mixing. I know that when mixing was in vogue before it got so bad that the mixers themselves came to Ottawa and implored Parliament to stop it.

Hon. Mr. CRERAR: There are two principles involved in this Section, Mr. Chairman; the first is, is the mixing of grain desirable; the second, if it is desirable, under what conditions shall it be done?

Now, I want to take the ground somewhat opposite to that taken by the hon. Minister in the remarks he has just addressed to the Committee, and in order to give the Committee an idea of what is in my mind, I wish to go back and traverse a little bit the history of the whole grain-handling system.

It is now 40 years since grain commenced to be produced in Western Canada for merchantable purposes. About 40 years ago Manitoba, which was then the only Western province that was settled, was exporting grain from that province. At that time, and for a great many years subsequently, there was a

very considerable uniformity in the quality of grain put out. The number of grades was comparatively limited, because the grain then was being produced in territory where the climatic conditions were similar almost from year to year, and there were no great variations or disparity in the quality of wheat which was produced. With the extension of the wheat-growing area over the other provinces, changes in that respect came about. Most Canadians, I think fail to appreciate the extent of the wheat-producing areas in Western Canada. It extends from 50 miles east of Winnipeg to 50 miles west of Calgary, a distance of almost 1,000 miles from east to west, and from north to south varying from 40 to 50 miles at the extreme east and 700 or 800 miles in the province of Alberta, when you get into the Peace River country. The result of wheat production over this vast territory has increased varieties of wheat, to an enormous extent—wheat which comes into our markets, and the result of that is that it has been found necessary to establish various grades in order to meet these conditions. Our system of handling grain, as far as the quality is concerned, depends on the grading system; that is, this Act and previous Acts lay out certain definitions that shall govern the quality of grain. That has been found by experience to be very useful, and we have reached a point where the foreign buyer, whether he be in Great Britain or a European country or the United States, will accept the certificate put on a parcel or lot of grain by the Chief Grain Inspector or his assistant, as a gauge or standard or guarantee of the quality of the grain they buy. Now, any grading system that depends upon the judgment of individual men, by itself cannot be perfect, from the very nature of the case in determining accurately the quality of the grain. Secondly, we have arrived through experience at the condition where we have these broad classifications into which grain is thrown according to its quality, by the inspection officials. In order to protect the interests of the producers as far as possible, it has been necessary to vastly increase the number of grades. I know it is quite possible, and indeed it very frequently happens, that we have in the public bins at the head of the Lakes, where the greatest quantity of our grain is stored, probably several hundred different varieties different qualities or grades of grain, all based primarily upon the initial grades. You have toughs, rejecteds, smutties, you have tough rejectings, tough smutties, and all these different kinds. Now, it is obviously impossible to sell these different grades on this particular basis, and consequently as the trade developed, as the grain production increased, naturally mixing was introduced and carried on. The first origin of mixing in the handling of our grain lay in what was termed the old hospital elevators which operated 25 or 30 years ago. These hospital elevators, as they were then called, were elevators for the treatment of grain. If it was tough, or smutty or dirty, they treated it; in other words, they brought it into a more merchantable condition. Out of that, with the extension of the volume of grain, mixing further developed, and the whole principle underlying the mixing of grain is to put it in the best possible condition for the markets, and I submit, Mr. Chairman, that it is a sound principle on the part of the producer, or those who are closest to the producer, to put this commodity in the best possible condition for marketing, rather than offer it for sale in all its wide varieties or differences, and have someone else do that for you. Now, it is impossible, for instance, to have all No. 1 Northern Wheat of equal quality. We lay down in the Act certain specifications for No. 1 Northern Wheat. By actual experience it has been proven that you can take No. 1 Northern Wheat from a certain section of the community of Western Canada, and it will have a higher milling value than another lot of wheat taken from another section of the community, and yet grade also No. 1 Northern. The wheat in both sections will conform to the requirements of the Act, but there is a difference in the quality, as has been shown by actual experience. That difference persists right down to the grain that will be taken in at any local

elevator in any community of Western Canada, and the local elevator operator —I care not what company he represents—must mix the grain he purchases from the various farmers in that community. That is where mixing is first done. Now, the only argument against mixing that has been advanced or that, in my judgment, can be advanced, is the argument, or statement, rather—because I do not admit it should be elevated to the status of an argument—that the mixing that goes on in these elevators lowers the average quality of our grain going abroad, and the British buyer or the European buyer or miller bases the price he offers back for that grain on the lowered quality of the grain he receives, and consequently, as Mr. Motherwell stated a moment ago, that is reflected back and sets the price for which all our grain is purchased. I do not think that is a sound argument. In the firstplace, if I am correctly informed, the British buyer or European buyer purchases grain on the minimum of the grade he expects to get; he buys on the minimum of the grade. As a matter of fact, in actual practice, if an importer in Liverpool buys 100,000 or 200,000 bushels of No. 1 Northern in the Winnipeg market, he does not see the grain; he buys a piece of paper; he buys the title to the grain, and accompanying that title is a certificate from the Chief Grain Inspector as to its quality, which he accepts, has always accepted, and accepted without dispute. But he buys the grade he is purchasing. From actual experience, when the importer takes that grain over and gets his sample, if the quality is above the minimum of the grain, he frequently puts his sample on the sample table, secures a premium from the miller on the other side, and puts the premium in his pocket. This grain is mixed somewhere. You cannot say all these different varieties of grades are milled independently by the people who ultimately handle them, and the question is, are we going to have this mixing done as close to the producer as possible where the producer will get the benefit of it, or will you have it done in Europe or the United States or Great Britain or elsewhere, where the miller who buys it will get the benefit? I submit the closer the mixing can be done, under proper supervision, to the person who grows the grain, the more the grower of the grain will get out of it, and that is why I take issue with the Minister. Mixing is a natural evolution in our grain-handling situation and the function of this Committee and Parliament is to see that the conditions under which it is done are fair and just to the producers, and to all concerned. I submit if you do away with mixing altogether it is not going to prevent the practice; it will merely shift the place where it is to be done. If you stop mixing at the head of the lakes, it will be done by the eastern millers; it will be done in the United States.

Now, there are a great many arguments which have been advanced in this House, and advanced throughout the country, that our grain should move to its ultimate market through Canadian ports and Canadian channels. We know in the past, as a matter of actual fact, that a large portion of this grain has gone through the United States. If you prevent this mixing in Canada, it will have, in my judgment, one result; these mixing elevators will be shifted to points like Buffalo and New York and the grain will be brought down from the head of the Lakes, and be mixed there, and the people who buy it at the lowered price at the head of the Lakes, will make that profit at Buffalo and New York.

Mr. SALES: But it would not carry a Canadian certificate.

Hon. Mr. CRERAR: No, but that would not matter much.

Mr. SALES: It would make a big difference.

Hon. Mr. CRERAR: Mr. Sales is quite wrong there. It is true it would not carry a Canadian certificate, but it would carry an American certificate covering wheat of Canadian origin. The miller, when he buys in Europe, if he buys under the American certificate, will know it is Canadian grown, and he would very quickly adjust himself to that condition, knowing that the wheat

is billed out under an American certificate. My point is that if your primary producers, the farmers—and they are the men whom we are endeavouring to assist and protect—are to get the advantage of the mixing that otherwise will go to the millers or to the dealers in the United States or Great Britain or Europe, you will have to have that mixing done as close to them as possible, in order that they may secure that advantage. The argument that is advanced that it decreases the quality of our grain is not a sound argument. Experience has shown that where properly supervised, the mixing elevators, for instance, at Fort William—and there are quite a number there—put out a quality of grain that is just as high as that which comes out of the public bins in Fort William and Port Arthur. It it is as high, and if it conforms to the requirements of the Act as to its quality, who is hurt by it? In that way you permit the development of a market, which is the surest and the best guarantee that the farmer or producer of grain will get the highest possible price for it. I want to go on a little with that argument if Mr. Warner will wait a few minutes.

Mr. WARNER: I will wait.

Hon. Mr. CRERAR: We contrast conditions in the Minneapolis market with our markets in Canada, and we see a striking difference. Now, the United States, or rather grain from the Dakotas and Minnesota that is similar in quality to our western wheat—that is, it is spring wheat of a hard variety— is sold on the Minneapolis market under a system of inspection which is similar in principle to our Canadian system. It is true that the definiations or the qualificaions our American friends set for their grain are different from ours, but I say in principle the system is the same. But in the operation, in the Minneapolis market, as the result of the large number of mills in Minneapolis and adjacent to Minneapolis, we find a condition of affairs that is wholly different from that existing in Canada. We will find this, for instance; if you go out to the Minneapolis market, grain is sold on sample. You may have two samples of grain, each carrying the certificate of say No. 2 Northern, each carrying the certificate of inspection, and one sample will sell for a few cents a bushel higher than the other, and the result is that the great bulk of the wheat is sold on sample, and the individual farmer gets the benefit. We have been unable to develop that to the full in western Canada for two reasons. First, our milling companies are scattered all over the territory. We have one or two mills in Winnipeg, we have some further east and some further west, and we have the mills in eastern Canada, and these American milling companies have established their own lines of country elevators as collecting agencies for the wheat they require. Consequently, when our wheat goes on the tables in Winnipeg to be sold on sample, there are not the facilities provided. You could, in a very considerable measure, create these facilities by establishing a mixing system under proper supervision, and I look confidently to the future when all our wheat in Canada will be sold largely on sample, when it will be sold to mixing houses which will build up certain types of wheat which they will send on to certain mills. I think that is a logical development which will take place, and I submit that there is no possible other method, in my judgment, at any rate, whereby a sample market can be established than by the development of a system of mixing elevators properly supervised. I submit another fact to the attention of the committee, which cannot be controverted, that nine out of ten farmers in western Canada want their grain sold on sample because that is the sensible and proper way to sell it. They can never attain that gaol unless mixing privileges are allowed. If you cut out the mixing entirely, then you simply shackle the western farmer forever to sell his grain under the present method of selling where it is sold merely on a piece of paper. You will get, then, these infinite varieties of grain, and I would like to refer to that again for a moment. Here is a sample of wheat, for instance; it is rusted

wheat, and may weigh only 26 pounds to the bushel. It is put down into a No. 5 special grade. If a mixing elevator can take that wheat, it can be cleaned up; some of the lighter grain can be taken out; it can be mixed with other wheat, and you raise the status or quality of the whole, and you do not injure the reputation of our Canadian grain. I do not think there is a valid argument against it. I think this argument—and I repeat again, Mr. Chairman, that it could not be dignified by the status of an argument—the statement that it deteriorates the quality of our grain going abroad, and reflects adversely on the prices the farmers receive in the primary markets in Winnipeg, has nothing substantial to support it. With an inspection system you can ensure that the quality of the grain of a private elevator can be up to the standard out of the public bins. If it is up to that standard, who is hurt? If the private elevators cannot operate under those conditions they will cease to exist, but they can operate under those conditions, and they can operate under those conditions and return to the individual farmer selling his grain, a larger price than it is possible for him to secure in any other way. I submit, Mr. Chairman, that this principle of mixing grain is a sound principle; that it is one which, instead of being discouraged, should be encouraged, under proper regulation and supervision. If it is denied to the farmers of western Canada, if you cut it out of this Act and make it illegal, again I repeat that the mixing will be done in the United States; it will be done in Britain, it will be done elsewhere, because this grain is mixed before it is finally used, and in conclusion for the moment I say this, that the closer the mixing is done to the farmer who produces the grain, the more benefit he is going to get out of it directly.

Mr. LEADER: Might I ask Mr. Crerar if he will admit that the mixing of a lower quality of wheat lowers the standards of the higher grades?

Hon. Mr. CRERAR: No, not necessarily at all. I might give the committee a concrete illustration. For instance, the Inspection Department sets a standard of moisture content for grain, below which the grain must get a straight grade. I think that standard is fixed at 14 per cent. In other words, any wheat that is under 14 per cent moisture content goes into a straight grade. If it is above that, it goes into a tough grade, and it is sold at a discount of from five to six to seven to ten cents per bushel. Now, at a mixing elevator, I can take a car of grain which is, say, 14½ per cent moisture. It is a car of tough grain, judged so by the Inspection Department. It may be No. 1 Northern wheat. Then I can buy a carload of wheat from Mr. Leader, where he threshes early and the weather may be good, and which may have only 12 per cent of moisture. I can mix these two cars of wheat, and I can have two cars of wheat which are thoroughly mixed and which are below the moisture content and which will go out as straight grade. Mr. Milne, who sells me the tough grain, will be able to get a higher price than if that were not done. The farmer is bound to get some of the benefit. If you allow this mixing, and make it as direct as possible, the farmer is bound to get the benefit of it, because you will have a dozen elevators competing for that car of grain.

Mr. WARNER: Mr. Chairman, what I was going to ask Mr. Crerar was this. He says that our grain will be mixed in the United States in going through there if it is not mixed in our own country. I was going to ask him if that would not have a tendency to confine the grain to our own ports, and to bring a premium which we do get on the western coast right now, on account of this not being skimmed and mixed so much.

Hon. Mr. CRERAR: I do not quite understand the first part of your question. My argument is this, that if you prohibit mixing entirely in Canada, then the tendency will be for a larger volume of your grain to go through American ports, and your mixing will be done in the United States before that grain gets to market, because there will be people there who have a thorough knowledge of the business and who appreciate this, and who will make a profit out of it.

Mr. WARNER: There will be a premium, though, which does exist at the present time, or has existed?

Hon. Mr. CRERAR: At Vancouver, it is true; there has been a premium at Vancouver at certain times.

Mr. WARNER: If we desire to have it go through our own ports.

Hon. Mr. CRERAR: Certainly, and that is what I say; if you are going to have the grain go through our own ports it will be mixed in Canada and not in the United States.

Mr. WARNER: Would they not have to pay equal to the premium we are getting at our own ports?

Hon. Mr. CRERAR: What premium would we be getting?

Mr. WARNER: We have been getting a premium by going through western ports.

Hon. Mr. CRERAR: But that stuff probably would not be mixed. There will not be more than 25 per cent of the grain for many years which can go out by Vancouver. That would not affect the grain going east.

Mr. WARNER: It would help get more money for it.

Hon. Mr. CRERAR: As far as the Vancouver situation is concerned, might I point out to the committee that it is true that premiums have been paid in Vancouver for Alberta grain, but it is a mistake to imagine that these premiums are due entirely to a higher quality of Alberta wheat. My own judgment is that the quality of Alberta wheat is probably higher to-day than Manitoba wheat, but it is higher for another reason. Twenty-five years ago, the quality of our No. 2 Northern wheat in Manitoba was higher than it is to-day, under the same specifications, and it was higher because our soil was newer, it had not been exhausted of those qualities which make a hard wheat of a fine milling quality. The same condition will come to Alberta in time; the average quality of their wheat production will be deteriorated because the soil is being drained of the essentials necessary to the production of wheat of a high quality.

Mr. BROWN: Have they been only taking the higher grades in Vancouver?

Hon. Mr. CRERAR: They have been taking the higher grades in Vancouver, that is true, in a large measure. Now, here is another thing. Vancouver, until recently, did not have elevator facilities for the storage of grain, consequently an exporter in Vancouver might make a trade to-day with an importer in London whereby he agreed to sell him for shipment say in the first half of July—he might agree to sell him 25,000 bushels of wheat. The wheat was not being stored in Vancouver, so he had to depend upon the wheat coming forward to Vancouver, and often, in order to get his wheat in time to fill his freight charter, he offered premiums to whoever owned the wheat, whether a farmer or an elevator company, in order that he might get that wheat there in order to fill his boat space, and in order to avoid heavy charges and demurrage. These are some of the factors which have operated, but to say that it is due to the fact that there is no mixing in Vancouver is wholly wrong, and is not in accordance with the actual facts.

Mr. LEADER: I do not like to take issue with Mr. Crerar, who has had vast experience in the grain trade, while my knowledge of it is very limited indeed, nevertheless I am not satisfied with his answer to my question. Using his own illustration, I still think my carload of wheat would be considerably depreciated by being mixed with his car of tough. I feel inclined to support Mr. Motherwell in his argument in regard to this question. This is an age of specialization; we are grading eggs, butter, hogs, cattle, and everything else, so why not carry it into our wheat? Mr. Crerar says this will have the effect of driving the mixing to the United States. I do not think that will be an

altogether undesirable situation, if the United States mixes our wheat, and the Old Country buyer knows he is getting Canadian wheat unmixed, by buying direct from Canada, he would probably be willing to pay a premium for the unmixed wheat. I know from my experience out on the farm and the experience of my neighbours that we are all opposed to mixing. I am not sure that I am right in my contention, but as far as I can see now I am opposed to the mixing of our grain. It might be possible that we could exempt No. 1 Northern and No. 2 Northern from mixing, and mix No. 3 Northern and the other lower grades, but I feel that I must take my stand at present as opposed to mixing.

Mr. STEWART (Humboldt): Mr. Crerar used a term I wanted to ask him to define a little more fully, but before I ask the question I want to state that I am not fully convinced that mixing is an unmitigated evil, but I am convinced that under the present regulations it is. Mr. Crerar used the term, made the statement that if the product of the primary or mixing elevator was kept up to the standard of the grain out of the public elevators—and so on. It seems to me that is the question; is it possible to bring the product of the private or mixing elevator up to what should be the standard? I do not know just what he means when he uses that word, "standard." We understand that in the fixing of a grade there are various degrees; there is the top degree, there is the average, and there is the low, and my complaint and the complaint of a great many more against the private elevator is that the product which comes from them is on the low line, and simply crawls into the grade and to that extent deteriorates it. I have been told it is absolutely impossible to carry on mixing and to compel the mixing elevator to bring its product up to the average or above the average, that that would be unfair, and I would like to ask Mr. Crerar to explain that term. Whether you referred to simply getting within the grade or whether you think that the mixing house should be compelled to issue a product equal to the average of the public elevator, or above it.

Hon. Mr. CRERAR: I see no reason why grain out of a private elevator cannot be inspected up to the average out of the public bin. As a matter of fact, that is being done to-day, and there is not in the minds of the buyers of this grain any doubt of the grain coming from private elevators, with one or two exceptions where there were special difficulties, which were overcome several years ago. I think that appeared in evidence before the Royal Grain Enquiry If I recall rightly—Mr. Snow will correct me if I am wrong—there were several samples of grain submitted to the independent judgment of able men with a knowledge of grain, before the Royal Grain Enquiry. These were not specially selected, but were taken out of private elevators and out of public elevators, and Mr. C. B. Watts, who has always opposed mixing—and I think for a very good reason, because I submit he is obliged to pay more for the grain he buys than he otherwise would—when these samples were placed before him, selected a sample from a private bin as being the best in quality. I think Mr. Snow will bear me out in that. I am told that is a fact, although I was not present myself.

Mr. BROWN: It must be clear that in setting a rule that it must equal the average, you cannot inspect up to an average, because "average" is far too indefinite a term for a standard. The inspector, when he is called upon to grade a car of grain, inspects it and if it comes within the grade he must of necessity give it that grade. To say that in grading grain out of a private terminal he must consider the average going to a public terminal seems to me to be laying down conditions which simply cannot be fulfilled. You do not say whether the average shall be equal to the grain passing the initial point of inspection, which is Winnipeg, or the average passing through the public terminals, but in both cases you set a standard which it is not possible to come up to. That is simply because an inspector, in any individual car

of grain, or any ten individual cars, one after the other, if they come within the standard he must give them that grade. It seems to me it is using terms that are contradictory.

Hon. Mr. CRERAR: I do not think that is quite right, Mr. Brown. The inspection department can very readily secure an average sample, say of No. 2 Northern, shipped out of public elevators in Fort William. Of that No. 2 Northern, some may be a little bit higher and some a little bit lower in quality than the rest. If you were shipping out, for instance, 20 cars of No. 2 Northern from Fort William to-day, the inspector could have an average sample of all that grain which goes out, secured in the usual way, and they must be equal in quality to the average.

Mr. BROWN: That means a slightly different standard then?

Hon. Mr. CRERAR: A slightly different standard; that can be provided for in the Act.

The CHAIRMAN: I might point out to the committee that any member who wishes to take part in the discussion should stand up and address the Chair, so that everybody may hear.

Mr. STEWART (Humboldt): Mr. Chairman, if I might repeat my question, I would like a definite answer to it. Mr. Crerar has outlined what he thinks would be the proper way to inspect out of the mixing elevator. I would like to ask him if that is the way it is done at the present time, and I would like an answer to that if Mr. Serls or someone who is competent can give it to me.

The CHAIRMAN: Will you answer that, Mr. Serls?

Mr. SERLS: I do not think I should be drawn into this discussion at all. I have to administer the Canada Grain Act, and I think you should leave me out of the discussion entirely, and I would ask you to do so.

Dr. MAGILL: Perhaps I may answer Mr. Stewart's question. There is a sample prepared by the Chief Inspector at Fort William. He is a subordinate of Mr. Serls, who is the Chief Inspector for the Dominion. He instructs his men to grade up to that sample in the private elevator.

Mr. BROWN: How would that sample be selected and prepared?

Dr. MAGILL: He prepares a sample very carefully, and instructs his officers not to grade to the minimum grade in the Statute at all, but to grade up to that sample which represents in his judgment the average out of the public elevator. You will find that in the evidence taken before the Commission.

Mr. SALES: How would that sample compare with the sample taken passing through Winnipeg?

Dr. MAGILL: Forty-nine per cent of our total capacity is located between the Great Lakes and the Pacific. We have large mills at Winnipeg, at Kenora, at Keewatin and at Fort William. Our western mills do not buy the lowest cars of each grade; that is not their business. The western mills pick out the very best cars of each grade they can get. That grade is inspected at Winnipeg. and is thrown into the mills at Winnipeg, Kenora, Keewatin and Fort William. It does not go into the private houses; it does not go into the public terminals at all; it goes into the mills. Suppose that a train of fifty cars is run into a mill at Kenora, their experts run down the line of the train of cars and pick out the best cars. They do not pick the lowest. A large volume of the very best grain of each grade is ground in our western mills, and never enters the public terminals at all. One or two of the largest mills, and some of the American mills pick out grain on its protein content. That is especially done at the Head of the Lakes, with this result that it is physically impossible to load up at our public terminals the average of the Winnipeg inspection. It cannot be done;

it is physically impossible also to load up at our private houses grain up to the average Winnipeg inspection, because our western mills pick out so much first class wheat of each grade. But the policy has been for years that the chief inspector, or the inspection department, instructs its officials to insist that the private elevators load up grain up to the average out of the public elevator. That is my answer to Mr. Stewart.

Mr. SALES: Dr. Magill mentioned skimming by the mills in the West, special binning and skimming by the American mills. Will he explain what the practice of the private elevators have been, whether they have been skimming also?

Dr. MAGILL: The private elevators buy wheat suitable for mixing. There are years when we produce lower grades of wheat in Western Canada that can be promoted through certain processes of cleaning and so on. They do this. Of course, they have to get cars that are suitable, and they look for them, and pay for them. On the other hand, they must buy cars of grain suitable to blend in and they look for those cars, and they pay for them; they pay above the market price for the ones that the use to promote the others. Mr. Leader asked a peculiar question. Take a car of No. 1 Northern, and take a car of screenings and mix them, if you can get any man foolish enough to do it. Mr. Sales uses the word "skimming". When I say that the mills pick out the best cars that they can, I say that it is not skimming. If I want 100 cars of No. 1 Northern wheat, and I am out for 200 cars, am I to pick the worst. That is not skimming, it is their business to pick out the best cars. The same with the private houses, and they pay for it. I did not intend to make a speech; I was simply trying to answer my old friend, Mr. Sales.

Mr. MILLAR: I wish to make a few brief remarks on this subject. Perhaps I may start where the other speakers have left off. I think I may reply to Dr. Magill that while it may be their business to pick out the best cars it is certainly skimming. Mr. Crerar has made the remark that there was not much complaint against the grain coming out of the mixing elevators. I do not know that he was referring to the Ontario buyers, but I assume he was. In regard to the Ontario buyers, let me say this: In the years 1921-22, when we had a Wheat Board, the matter came up for discussion and several millers came before us and gave evidence on oath. I asked them "Do you as readily take the grain out of the private elevators as out of the public elevators?" And they said "No, not in any case where we can get it out the public elevators". I refer particularly to Mr. Labelle and Mr. Watts.

Dr. MAGILL: Mr. Watts buys nearly all his grain out of the mixing houses. He has told us so in public, under oath.

Mr. MILLAR: I have had a similar dispute with the Chairman of the Board of Grain Commissioners over this very matter. He thought that Mr. Watts was wrong, and I took occasion to get a copy of the evidence and sent it to the Chairman, and I can do the same with you.

Dr. MAGILL: If Mr. Millar will ask Smith-Murphy where Mr. Watts buys his grain, he will ascertain the facts.

Mr. MILLAR: He stated that he had certain arrangements with private elevators from which he does get grain.

Dr. MAGILL: There is no special arrangement, none whatever.

Mr. MILLAR: He made that statement himself; I am quite positive that he did. That he had a certain understanding with certain private elevators, and that he did buy grain from those elevators. But he is on record as saying that he did not take it from the mixing elevators in any case when he could get it elsewhere. This disproves the statement that there is little or no complaint. If Mr. Crerar was referring to the British buyer, I could understand

that. All the British buyer has to do is to lower the price when the value is low. The certificate is final and he has no redress, and the only thing he can do is to lower the price. He made the statement that the British buyer buys on the minimum sample. Now, I would like to ask anyone who advocates mixing, if this were to take place, and it is possible for it to take place—the value of No. 1 is steadily decreased until it is down, say, one or two cents per bushel. It remains stable, so that they know what they are going to get, but it is in value one or two cents a bushel less. Now, where will the price go? Will it stop at the minimum, or will it follow the value. I do not think that any of the advocates of mixing would have the temerity to say that the British buyer, keen as he is, is going to pay the standard price when he knows that he will get a cargo that is worth one or two cents less. It is not reasonable, and he does not do it.

Hon. Mr. MOTHERWELL: He pays for what he is getting.

Mr. MILLAR: He pays for what he is getting.

Hon. Mr. CRERAR: Does he not buy on the standard?

Hon. Mr. MOTHERWELL: He has not got the standards.

Mr. MILLAR: Now, I may deal with the mixing in the United States. Mr. Crerar has contended that if the American grain is going through on the Canadian standard, even through American channels, it still commands the regular price.

Hon. Mr. CRERAR: I did not say that.

Mr. MILLAR: If the mixing was done there, and they kept the standard up, the standard of the public elevators, no harm would be done; but if they degraded the price there in any way, the price in the Old Country market would be less, and the British buyer would at once learn to differentiate between the American wheat and the Canadian.

Hon. Mr. CRERAR: Supposing they did the mixing in the United States, and they got the mix up to the average of the public bin, they would get the price that the public bin wheat commands.

Mr. MILLAR: Surely.

Hon. Mr. CRERAR: It would mean a profit to the American mixer instead of to the Canadian.

Mr. MILLAR: I do not think that the farmer would lose in the least if the output were kept up to the average of our public elevators, as the grain which goes to the Old Country is the basis of the price we receive. Mr. Crerar referred to isolated cases where damp or tough grain could be mixed together and said that where grain was mixed and treated, it was of equal value and could be handled properly and without any harm or loss to the producer. I believe that is perfectly correct. I will admit also that some of the better types of grain may be cleaned and promoted without any loss to the producer.

Hon. Mr. CRERAR: He will gain.

Mr. MILLAR: Yes, I think I will admit that he may gain. But where you get a carload of grain that according to the definition of the Grain Act will permit of 5 per cent or 3 per cent of certain inferior types of grain which is not contained in that carload, and that inferior grain is sifted in through a mixing elevator, you are deteriorating the value of that grain. The value is lowered, and the price will be lowered, and the producer will lose thereby. Up to a certain point, what Mr. Crerar says is true, but when you come to sift in the poor stuff, or as I put it the other day, mix the sand with the sugar, then you lower the value of the product you are selling, and the price will be lowered, and the producer will suffer.

Reference has been made to the mixing that is done in the country elevators. It is to a certain extent true. There has been and there always will be a certain amount of mixing done in the country elevator, but I would point out that the country elevator operator has not the facility to mix to any great extent. He has not the varieties of grain in that community that are necessary to successful mixing, and if they are in that community, they are not in the one elevator; so that about all he can do is occasionally to throw two carloads of grain together. You have to have a number of different types of grain for mixing purposes before you can successfully promote the quality of the grain. A contrast has been drawn between the number of grades of grain that we have at the present time and in the early days. I am not sure, but I am willing to concede that all that Mr. Crerar said in that connection is correct, because I can remember in the early days we had a very great deal of smutty wheat. We did not know how to treat our seed, and there was a vast amount of smutty wheat. I suppose there would be ten cars of smutty wheat in the early days where we have only one now. Then you take the frozen wheat. As is well known, new land produced frozen wheat for years, where afterwards, after cultivation, it commenced to produce numbers 1, 2 and 3, and did not freeze as rapidly. It does not freeze as rapidly now that the land has been cultivated for years, as it did before when it was new land. But I am very doubtful whether there is very much in Mr. Crerar's contention, for while there in some truth in what he has said, there are other factors that have to be considered.

Reference has been made to the premium that the producer gets. I have been producing grain for thirty years, sometimes on a small piece of land, and sometimes on 1,400 acres of land, and I have never received one cent of premium because of my grain being promoted. I would like to know on how many cars they have shipped has this premium been paid that we hear so much about to members of this Committee. It is my contention at the present time that there is a lot made out of mixing, but it does not go to the producer. Once in a thousand times it may be that the farmer gets a premium, but it is mighty little that the producer gets at the present time.

Hon. Mr. CRERAR: I was going to say that the United Grain Growers, with whom I am associated, the year before last paid $70,000 of premiums alone on grain that went into their private elevators for treatment and that would have gone into the public bins.

Mr. MILLER: I think I will have to join your company. I have shipped all kinds of grain to your elevators, but I never received a premium. Now, Mr. Chairman, I know it is important that we should get through with this Grain Act and I know that there are others who wish to speak. There were some other points which I thought of touching on, but I will not do so now. I am against the principle of mixing, but I recognize that there is one argument or one ground on which mixing may be permitted. For a time at least, until an adjustment is made, there may be some difficulty in getting rid of the lower grades. That is the one argument that makes any impression on my mind. Then again, I admit that there is a difference of opinion among the producers themselves, and among the farmers' companies in regard to this very matter, and for that reason I may say that I am prepared to vote for some kind of compromise measure if one is submitted that appeals to me; otherwise, if I am up against voting for or against mixing, I shall have to vote against mixing.

Mr. EVANS: I shall not keep the Committee many minutes, but as an old grain-grower of some 35 years' standing, I think I should have something to say on this question. I will not go into the history of the thing at all, but suffice it to say that since agriculture started in Western Canada, there are certain interests which have set themselves up between the producer and the

ultimate buyer, whose interests have been to get the grain out of the hands of the farmer as cheaply as possible, and in the very best condition possible. That they make all the money they can on it goes without saying, and mixing is one of the methods by which they do that.

Mixing is a question that has long been a very vexing problem, particularly to the grower, who has, together with the Dominion Millers' Association, many times made vigorous protests. Now, it has been strenuously upheld for many years by the grain interests or the grain trade generally. The question really is one of enhancing the value of the lower grades, and thereby, we believe, lowering the price to the farmer for the highest grades. I think that is putting the case in a nutshell, as far as the producers of grain are concerned, and as the thing is done after it leaves the farmer's possession, he gets none of the profits; in fact, the producer is the loser in comparison with what the grain trade makes out of the mixing. I know Mr. Crerar will not admit that, but that is how we see it. Now, that it is very profitable may be seen from a perusal of No. 23 of the report of the Special Committee on Agricultural Conditions held here two years ago. By turning to page 1007, you will find that an elevator company who operated only in a very small way—at least comparatively—took in only 137,134 bushels of Nos. 1, 2 and 3 Northern, and they shipped out 200,691 bushels of those grades, all made up from the grades below No. 3. There was an increase there in the grades of 63,517 bushels added to those top grades Nos. 1, 2 and 3 Northern. The difference between 1, 2 and 3 Northern is some six cents on each grade. Anyone who knows anything about it knows that that is a fact. Anyhow, say there was only a difference of six cents upon each grade, or between any two; say there was six cents profit only, on that amount. That would make a total of $3,811. Now, take an elevator—as shown on page 1010 of this Report—and you will see that they took in 381,226 bushels of Nos. 1, 2 and 3, and shipped out 656,573 bushels, raising the grade on 275,347 bushels. Now, how any man can say that these top grades were not lowered by this addition of 275,347 bushels, I do not know. That gets on toward an addition of nearly half of what was taken in, and would represent a profit of at least $20,000.

During the discussion the other day, Mr. Crerar said that the price is not depreciated. His statement that the grain is not deteriorated is hardly worth the name of an argument. The other day in Committee here when we were discussing the probability of allowing a few more grades of unsound wheat to be mixed in with No. 2 Northern, both Mr. Crerar and Dr. Magill came forward and protested against lowering grades 1 and 2, saying if we did that, we would ruin the export price, and could not keep it up as we should do. How can we keep No. 1 and 2 Northern up to the price asked when we allow a private terminal elevator to put 275,000 bushels into 656,000 bushels of wheat, which the inspector at the initial inspecting point at Winnipeg would not allow to go into this grain? How can it be done? It cannot be done, gentlemen; it is impossible.

Now, I can understand Dr. Magill's argument as representing the grain trade, as he is, but what they want is to keep the biggest possible margin between the grain as it leaves the farmer's wagon and the grain as it goes out for export. There is nothing else in it. That is the only reason they tell us to keep No. 1 and 2 Northern up to the very highest standard, while they mix it down to the very lowest point for which they can get a grade. It cannot be done, gentlemen. The grain must be deteriorated.

Mr. Crerar says it must be put into the very best marketable condition. That is to everybody's interest. But who will set the price on the stuff they have put into a marketable condition? The price is set on what goes forward, upon which the export price is based, and upon which the farmer is afterwards

paid. I maintain that the farmer loses all the difference on the grain between the time it leaves his wagon and the time it goes out of the private terminal elevator for export. He certainly does.

Mr. Crerar said that the Minister's argument in this connection is not sound. A Liverpool buyer certainly buys on the minimum of the grade. Well, that is an admission that the grade should be kept up to what it is, or may be considered the average at least of what it is when it leaves the farmer's wagon, but it is what goes out for export from the private mixing house that counts, and it is not that average, but is the average of all the other grades that are being added to these two or three top grades, between the time it leaves the wagon and the time it is bought and sold for export.

Again, Mr. Crerar says it would not matter that the grain shipped from the mixing elevators at Buffalo does not carry a Canadian certificate. Perhaps it does not. But the Canadian certificate should be carried on grades that leave the producer's hands. If any grain goes forward for export lower than that, the farmer must lose the difference.

Mr. Crerar says it should be done as near home as possible, as close to the grower as possible. Well, gentlemen, it does not matter where it is done; once it is out of the farmer's hands, he loses the difference anyway.

Hon. Mr. CRERAR: Oh, no,——

Mr. EVANS: You have not shown me any difference yet. You can answer that argument later on, if you like.

Mr. MILLAR: Would it not be better if the blending were done by practical millers for the purpose of increasing the milling value, rather than to get it past the grades? If it is to be done, would it not be better to have it done after it reached the Liverpool buyer, and the price had been fixed?

Mr. EVANS: I am not even so sure of that. I maintain that once it is out of the producer's hands and is tampered with, it does not matter where it is done; the farmer loses the difference.

Mr. STEWART (Humboldt): Mr. Evans, will you permit me a question right there? Of course, you are opposed to mixing at all, but if this mixing is to be maintained, would it not be better to keep it near the farmer, in views of the fact that the farmers are taking hold of their own enterprises, and could secure the benefits, if it were done close enough to them?

Mr. EVANS: If they do it themselves, yes; but if they let somebody else do it, who takes the profit, where does it benefit them? If they do it themselves, it is all right. I thought once I could imagine a state of affairs in this country where the farmers could have their own co-operative pool, and might be able to get more money for the whole crop, but even that is doubtful. If you lower the top grades on the markets of the world, it is very doubtful if any profit will ultimately accrue to the grower; it is very doubtful.

Now, if it comes to a straight question between mixing and not mixing, I shall have to vote for the prohibition of the whole thing, but if mixing is to be allowed in any shape or form, I shall strenuously advocate that the stuff that goes out of the mixing elevators be properly ear-marked, and, if possible, I would say that Nos. 1 and 2 Northern should not be tampered with under any circumstances.

The CHAIRMAN: Is there any further discussion?

Dr. MAGILL: As Mr. Evans referred to me rather personally, will you permit me to make a short statement?

The CHAIRMAN: Is this your main statement.

Dr. MAGILL: It is the only one I wish to make. Mr. Evans referred to profits, and he quoted a document several years old. That document was in

the hands of the Turgeon Commission, and all other documents that had been prepared by the various Dominion authorities were in the hands of the Commission. The Commission examined the books of the private elevators at the head of the lakes; the books were thrown open to them; they put in their accountants, and they reported on these profits. I would like to ask Mr. Evans to listen to the report of the Turgeon Commission on the profits, as appearing on page 102 of their report. This is a summary of earnings of 12 companies owning or operating 14 houses and reporting for an aggregate of 26 fiscal periods; thus two periods for 12 houses and one period for each of the remaining two. In 1921-22 the rate per bushel was 1.256 cents; in the year 1922-23, it was less than one cent, being .854 cents, on 114,000,000 bushels handled. Now, the average as given in this report is 1.035 cents per bushel. That is the total profits as reported by the Turgeon Commission. Mr. Chairman, may I remind my old friend, Mr. Evans, that the Dominion Government had two lawyers on that Commission, not fighting for the grain trade; the three prairie provinces each had a lawyer, not fighting for the grain trade; the Saskatchewan Co-operative and United Grain Growers each had a lawyer, not fighting for the grain trade; the Buyers' Union had a lawyer, not fighting for the grain trade; they had accountants besides, who examined the books and found no excesses. Now, gentlemen, remember this is a report on their profits. What do these profits include? I would like Mr. Evans' attention to this. These profits include not only what was made by the mixing, but also by the buying and the selling of the wheat, the handling charges and everything else. Mr. Chairman and gentlemen, whatever may be said about mixing, this idea of enormous profits being made by mixing is purely a myth—purely a myth. The mixing house is a house built or bought and operated by men who buy grain and sell grain. The main profits of a mixing house are simply the trading, buying and selling. These men can tell you that in some years by mixing you make little or no profit. Mr. George Serls will tell you that some times there is a crop where mixing is unprofitable; in other years the crop is good. Mr. Evans and his friends think there are enormous profits—if they do, why are they not taking steps to get them, instead of simply talking about them?

Mr. EVANS: We intend to, if we can get the chance.

Dr. MAGILL: However, I want to pass by that point. I know Mr. Evans is essentially fair, and I know that he will study it and probably revise his opinion on it, because he has a sense of evidence.

What is the situation about mixing? Mr. Evans referred to my argument and said I was paid by the Grain Exchange. Perhaps he does not know that I am partly paid by the Grain Exchange, partly by the pool, partly by Mr. Crerar's company, and partly by the Saskatchewan Co-operative. The pool is in the exchange, and the Farmers' Company was in the Exchange,—

Mr. EVANS: That is only partly true,—

Dr. MAGILL: How is it only partly true? The Farmers' Exchange is a member in full standing of the Winnipeg Exchange. Not being content with that, they bought a partnership in our clearing house, which handles future trades; they also bought a membership—and were wise in so doing—in the Lake Shippers' Association, and they belong to a little Bureau organized by that nefarious gang, the North West Grain Dealers Association. The pool applied for membership, and this Exchange is wide open to them, and they can make the same use of our machinery as we can.

Now, what about this thing called mixing? Although I am the Secretary, Mr. Evans, I have taken an interest in this matter—

Mr. EVANS: Do not make it worse than I did.

Dr. MAGILL: All right. First of all, I want to say that nature is the best mixer. The best farmer in this room, if he sows a thousand acres of wheat,

threshes it, and picks it up, he will find that the best mixing has been done by nature. Sixty per cent of it may be good hard Red Fyfe or Marquis, some of it according to Mr. Serls will be other inferior varieties of wheat, and a percentage may be cockle and stinkweed and every other weed in the country. Nature is the first mixer; the final mixer is the English miller. He buys the surplus wheat of the world. The wheats of the world come to his shores at rock bottom prices and he blends them and mixes them, and that is why the English miller to-day is in such a strong position. When did mixing begin in Canada? I would like to ask Mr. Serls how long ago it is since he first inspected grain at Emerson.

Mr. SERLS: About 1900.

Dr. MAGILL: Was that a mixing house?

Mr. SERLS: Yes. It was what was known as a hospital elevator.

Dr. MAGILL: Almost as soon as this country began to ship wheat they began to mix wheat, not because they liked to, but because they had to. There were mixing houses built at Fort William, at St. Boniface, and other places away back in the early days. I wonder some of the old-timers do not give us some of the real facts about the early days, because that is when mixing started. The houses in Winnipeg were mixing houses, and shortly after Winnipeg a number were built at Fort William; then there were others at Portage, Brandon, Calgary, and away on to Vancouver, and I am sure Mr. Warner will not like to hear that there is a mixing house in Vancouver. Mr. Warner, keep an eye on it.

Mr. WARNER: I would like to ask the Doctor a question, since I have been brought into this discussion. You say that the wheat is mixed for the buying and selling. You made that statement, did you not?

Dr. MAGILL: Of course. Go on.

Mr. WARNER: What effect, then, does that have on all the rest of the wheat in the wheat trade, the grain trade?

Dr. MAGILL: May I come to that a little later, Mr. Warner. To resume, mixing was started in those early days and has continued ever since without a break, it did not matter what arguments or discussions went on, wheat was mixed. What were the policies of the governments in those days? The governments—Mr. Serls can tell you this, too—allowed these houses to be built, to be operated, to mix grain and gave them the weighing and inspection facilities as long as they were operated away from the water-front. Every government in Canada for over thirty years has permitted this business to be done, without exception. In all those years, the only restriction they put on them was that they must be built away from the water-front. It is a pretty serious thing, this business about governments and policies. You allow your people to go into a line of business; you regulate it and tell them it is all right, give them government facilities for over 30 years, and then you turn around and pass a Bill to put them out of business right off the bat, all these houses, because there is not one of them who can survive if this Bill is passed. They cannot keep open if this Bill is put into effect. Very well. This trouble about mixing arose in the days of Mr. Partridge and Fred Green and some of our other farmer leaders in Saskatchewan. The policy of the Saskatchewan Grain Growers was formulated and they demanded mixing, sample markets, private elevators and milling tests. They came to Ottawa and made a demand for these things in those days, made an outright demand for them. Every old-timer here knows that. The Grain Exchange never sent a delegation, as far as I can find out, to the Dominion government to ask for mixing. You can trace the records, and I think you will find that the only delegations that ever came down to ask for mixing were delegations of Saskatchewan farmers. Maybe they were not as wise in those days as they are now.

Mr. MILLAR: I remember a delegation coming to Ottawa to ask that the sample market, which included the mixing, be not put into effect, and it was against their advice and their protests that it was put into effect.

Dr. MAGILL: In later years, yes, but when the other demands were made the reply was, "We will give you a sample market and mixing", and when it was considered settled, a number of others thought it must be the very old Nick himself, and took the opposite view. Very well, what happened? In Saskatchewan they created the Saskatchewan Co-operative; in Manitoba and Alberta they have the United Grain Growers. I do not know how many farmers are shareholders in those two companies, but I am told there are 25,000 in one and 26,000 in another. There are over 50,000 farmer shareholders in two farmer grain companies, two of the biggest companies in the world. What are their opinions? My antagonist (Mr. Sales)—he will tell you I am right in saying this, that the directorate of the Saskatchewan Co-operative issued a pamphlet defending mixing, and advocating it.

Mr. MILLAR: With which they do not all agree.

Dr. MAGILL: All right, the argument is there and important officials and directors made speeches for it, as you know as well as I do. That was filed as evidence before the Commission by that company. When the Turgeon Commission investigated this matter of mixing there was handed to them by the representatives of this company this case, made by the directors of the Saskatchewan Co-operative for mixing, and for private elevators, and they have a private elevator of their own. The United Grain Growers—at one time they were the saints of the earth; they would have nothing to do with mixing or anything else. When they came into the swing of international grain trading, they saw there were a few things they had not learned out on the farm, and they changed their views and put up a mixing house. They have been engaged in mixing ever since, and they know all about it.

Mr. EVANS: You are giving the committee a wrong impression. May I read what the president says?

> "Hon. J. A. Maharg, then president of the Saskatchewan Grain Growers' Association and a director of the Saskatchewan Co-operative, of which company he is now president said that the directorate of his company, with perhaps one or two exceptions, were individually opposed to the practice of mixing, but because the practice had become prevalent the company found they had to go into it to make money, to compete with their competitors, and they were forced into it."

Dr. MAGILL: Very well, Mr. Evans. You do not read Mr. Langley's name, nor do you tell the committee that the company, in spite of that, filed a document in favour of it. Am I not correct?

Mr. EVANS: They were forced into it.

Dr. MAGILL: That was not the version of the directors I referred to, and that was not their brief. Any one can see this, who cares to look up the evidence. That is Mr. Maharg, and I do not think Mr. Sales will contradict me when I say that company filed a brief as evidence in favour of mixing.

Mr. SALES: That does not mean that every man on that Board was in favour of it.

Dr. MAGILL: I know that very well.

Mr. EVANS: The president says they were forced into it.

Dr. MAGILL: Not a bit of it; we have grain companies who have not been forced into it. I say no big grain company is forced into mixing; we have companies that have no mixing houses. However, the other companies do the same thing; the pools have a mixing house, and there has been one at Fort William for years. Were they forced into it? What is all this talk of forcing? They

want to continue mixing. Of course they do. And why? Mr. Chairman, it may interest our friend to know that all Australian grain is mixed into one heap, called "Average Quality," except what is blemished. They mix it all and sell it by sample in the markets of the world as "Fair Average Quality," and Australian grain has nearly always commanded a higher price than our Canadian wheat sold on grade. The United States people are not supposed to be a stupid people, and they have had mixing plants all along the line. Britain has no such thing as a high grade system; she mixes all the grain she grows. So does the Argentine, and so does Russia. The only country in the world that has tried to handle hundreds of millions of bushels of wheat upon an artificial system of grades is western Canada. Is that not correct?

Mr. SALES: Why call it "artificial"?

Dr. MAGILL: I will tell you. How many grades have you in the west, Mr. Serls?

Mr. SERLS: Somewhere around 100.

Mr. MILLAR: It is declared by the British buyers to be the best system in the world, is it not?

Dr. MAGILL: I will tell you what the British buyer has declared. He has declared that if Australia goes on the grade system, he will boycott her wheat. That is the first thing. Secondly, he has declared that our certificate of grade is better and higher than any other certificate except those of Minnesota and Illinois. That is to say, you go to London or Liverpool or any of the British markets, and you will find that our certificates, signed by Mr. Serls, and a similar certificate from Minnesota and Illinois—these three certificates of grades are the highest certificates in the British market. Remember that certificates are not issued by any other countries except these two. Canada and the United States are the only people in the world who issue these certificates of grade and sell or keep that grade. What they say is not that our system is the best; they know very little about our system, but they do say—the majority of them at least—that our certificates of grade issued by the Dominion government is equal to if not superior to the very best put out in the United States. And what do they mean? They mean that if our government gives them a parcel of wheat with a certificate, they know it will be well up to the average of that grade, as defined by the Act. I am not a British miller, but I was sent over to handle this very thing. Mr. Millar may not know that the London millers and the millers of the midlands and of the south of England wanted us to abolish that system and sell on sample.

Mr. MILLER: Would you not rather say that they had confidence that there would be unanimity?

Dr. MAGILL: Any one can go over it and see; it is the easiest thing in the world. Mr. Serls, Mr. Boyd and others spent four months in England examining this very thing. Dean Rutherford did the same thing, and the reports are all the same. The British are buying October wheat to-day, although it is not produced yet, wheat that they will take delivery of on what basis? On what basis do they buy it? Our three best grades do not change, as you know; the statutory grades from year to year remain the same, especially No. 1 and No. 2 Northern. They have confidence that when October comes they will get the grain as specified in the Canadian statute. When the time comes Mr. Serls will send them over samples. There are two grain exchanges: One is called the Baltic and the other the Mark Lane. The Baltic does not look like a grain exchange. You know what the Winnipeg Exchange is like; you think you are in bedlam if you go there. You see 150 or 200 men shouting at the tops of their voices, messenger boys running here and there, and so on. You go into the Baltic Exchange in London, and the first impression you get is that it is a prayer meeting, with not a very big attendance. There is no pit; there is no

blackboard; there are not all these things we have in the Winnipeg Exchange. They deal with cargoes of grain all over the world. They have no samples there on exhibition at all. But go over to the other Exchange, and you will learn something which I think would be worth while. Mark Lane is the exchange on which they sell cargoes which reach the port of London. Canadian cargoes reaching London are offered for sale. If they are not already sold, they are offered for sale there. Samples are taken of every car, from every hold; they are put in pans; they are laid out on tables, and the Canadian certificate of grade is shown on a ticket. Go there, and what do you find? The millers go from table to table, from sample to sample, and they will buy those samples according to quality, at a penny, and three halfpence, and two pence and so on above the grade price. Is that not right? Of course it is. They will buy it at the grade price in London, and at Mark Lane they will sell it on sample, and if they find the sample above the grade they make a profit on it. I say mixing is the universal thing in western Canada. I say mixing can be handled; it is simply a matter of inspection out at the terminal point. Who are the inspectors? There is hope for them to-day. I hope there will be more of them and that they will be better paid than they have been for the last few years. They are a very busy class of men. No farmer will ever take my advice, but the farmers should remember this, that the grain inspector is the most important official they have in western Canada. I have seen these men at work seven days in the week; I have known them to work from seven o'clock in the morning until 12 o'clock at night, every day in the week. With the enormous volume of grain, the pressure to get through before the season is over, it is not an easy thing to grade grain. I wonder how many who argue about it could tell the difference between No. 4 and a lower grade. Grading grain is a very difficult thing, and it takes years to master the lower and more difficult grades. But it is just as easy to grade grain out of a private house as it is out of a public house. The requirement is that you recognize that there you have a class of men—the inspectors—more vital, I believe, to the prairie provinces than—I was going to say, Mr. Chairman, even the politicians. There should be more of them; they ought to be better paid; they ought to have fewer hours, and if we treated them properly they would have no difficulty in grading grain out of any house. Take honesty; there is a very high percentage of honesty in the Dominion grain service in Winnipeg. How is grain graded there? It is sampled and these samples are examined by the inspector and he gives the grade. Why can that not be done in a private house? What is the trouble about it?

Mr. MILLER: Would you have any objection to the sample being drawn as the grain was going into the boat, and the grade being given after the boat was loaded?

Dr. MAGILL: I put that system in once, so far from having any objection to it.

Mr. SALES: Why didn't it stay?

Dr. MAGILL: I do not know. As you handle larger volumes, I suppose there are difficulties accumulate. We had that system in, of course, office inspection, samples taken wherever we could take them, but as the volume grows and the work develops, of course there are difficulties that have to be met. I personally have no objection to that at all. I want to say that the life of the grain trade depends upon the reputation of our grades, the very life of the trade. I want to say that no exporter, no big elevator company can long survive if the grades it puts out are low grades. We have an interest in satisfying our customers far greater than many of you may imagine. Why, the grain company that started to put down the grades would be discovered upon the arrival of that cargo at any port in England, and once they are discovered they get no second chance. Do you mean to tell me the British buyer or the German buyer or any

other buyer would be fool enough to buy a poor quality from you when he can get it better elsewhere?

Mr. MILLAR: Did you say that no grain company could continue in business if they continued to put out grain of poor quality?

Dr. MAGILL: Yes.

Mr. MILLAR: Would that apply if they continued their output from their elevators into a public elevator?

Dr. MAGILL: With regard to the inland houses, I have told you their origin; that is, the houses that are away from the waterfront. They were not built on the waterfront because the Government did not allow it. They had to put their grain into the public terminals and into the boats. These little houses load into the cars waiting to take the grain to the public elevator. They had two opportunities of testing. They could test as they were loading out and as they were loading into the terminal. How many cars do you think they passed? Somebody says, "You can buy an inspector." Sometimes I have been told that you can buy a professor. I happened to be one at the time, but I can tell you that usually he was made to do things without being paid very much for doing them. There is a general suspicion around that you can buy anything and everything.

Hon. Mr. CRERAR: What about politicians?

Dr. MAGILL: Politicians are above that. They have always been above it, and always will be above it. But you have inspectors in Winnipeg and Fort William that cannot be bought by the richest corporation in the grain trade. Give them the facilities that they need and they can grade grain out of the private houses just as well as they can out of the public houses.

Reverting to Mr. Millar, if a car of grain is shipped out of one of those little inland houses into a big public terminal and is properly sampled and inspected, where is the trouble? Why should it not be up to the grade?

Mr. MILLAR: That does not answer my question.

Dr. MAGILL: What was your question?

Mr. MILLAR: My question was with regard to the possibility of the grain companies continuing to put out grain under grade, as to their being able to continue any length of time in the business. You say that they could not continue long in business.

Dr. MAGILL: I understood you to refer to mixing houses loading into public houses. They could not continue very long because the inspectors would catch them. The public houses could not long continue in the business, first, because they would lose their name and reputation, and, secondly, sooner or later Mr. Serls would come down on them. The thing is not practicable. Do you know that every mill in Western Canada is a mixing house? It loads the wheat it does not use and ships it to Fort William. If you compel them to have special bins for that stuff, and compel the inland houses to have special bins as in the public houses, two things are going to happen. The first is, that we have not the bins in Fort William to do that business. It cannot be done. An inland mixing house may ship out in one day ten different grades or varieties of grain. They cannot be special binned, those varieties in each car that is shipped out, and if they had all the money of Rockefeller they could not get the bins, because the binning capacity is not there. Force these houses to special bin their wheat in the public terminals—it would be decenter far to close up those terminals that have been encouraged for thirty or forty years.

Mr. MILLAR: It is a physical impossibility.

Dr. MAGILL: That subsection is a physical impossibility. I do not wish to say very much more but in the name of goodness, what is mixing? There are

120 grades of wheat, which would mean 120 sets of bins for one crop in each big public house. Do you ever think of the cost? If we ship those 120 grades across the Lakes you would require 120 holds for the different varieties. Do you ever think of the cost? The grading system, if we carried it right through, would put such a cost on transportation that it would break down.

Mr. SALES: What happens after all those grades go into the public houses?

Dr. MAGILL: A great many of them are bought by private houses before they go in, perhaps the bulk of them, to be treated and blended. The great mass is bought and does not go to the public terminals.

Mr. PITBLADO: The evidence before the Royal Commission went to show that low grades and the off-grades all went into the private terminals.

Dr. MAGILL: I was Chairman of the Board in 1912, and we had more complaints about the grades than anything else from the farmers of the West. We were told that if we had a sample market the farmer would have an alternative method, that he would see if his grain was worth more than the grade. Very often it was. If a buyer had seen it in a wide-open market such as in the United States, thousands of those complaints would never have been heard of. Mr. Millar places great stress on the protein tests. I would like to ask him—we cannot handle our grain on the protein test without mixing—I would like to ask him if he had found as good a protein content in No. 2 as in No. 1?

Mr. MILLAR: In that case the producer would get the benefit. As it is now, he does not.

Dr. MAGILL: That is a distinct argument. You say that the mixing is all right if the producer gets his fair share of the benefit. That is an argument for the distribution of profits. That is not an argument on the effect on the grain or on the export values. It is argument that the profits of the grain trade are not properly distributed. I think that the farmers in the West have taken a good way of getting a little bit of that profit. There are 60,000 of them doing business themselves. Do you think it physically possible for us to obtain large profits with the competition we get from yourselves and from your own companies? Is it possible for one big concern to get a profit of 200 per cent on the same line of stuff when another fellow would be contented with 50 per cent? It cannot be. I know that the producer never got his fair share of profits in all those things, and possibly never will. Our civilization has developed a wonderful power of producing, but it has never fairly and squarely faced the problem of distribution. If it had, I would have had a lot more money than I have today. What you want, apparently, is more profit from mixing. Well, you are in a fair way to getting it. Protect yourselves by the best inspection, and get all that it is possible to get out of it. If you have a better method of operating than we have, you are conducting a vast experiment today, and if you can divine or create a better method of operating than we have, then we will have to go down and out, and you will get all the business. But if that is your point, Mr. Millar, it is all camouflage talk about the effect on the grades and on the export price.

Now, Mr. Chairman, I have talked too long, though I could talk longer, but perhaps Mr. Motherwell might object and I am sure Mr. Sales would.

Mr. SALES: Not at all.

Mr. C. J. MURRAY: May I take a moment to explain the position of the pools on the subject? The pools have during the past year been operating a mixing house, and they hope that they will not be deprived by the Act of continuing the operation of this house. In this, the pool has in view the best interests of its producer members, and it has reached this conclusion because it believes that the members of the pool will get more money for the crops they produce if the pool is permitted to operate a mixing house. It is not because

of the profit that there may be in mixing, as such; it is not because mixing is at all essential to the successful operation of the pools. In so far as any profits are concerned, out of mixing, when distributed among the individual producers they amount to a very insignificant sum as compared with the value of his crop. But the real reason why the pool has reached this conclusion is that it is satisfied that its producer members will obtain more money, particularly for the lower grades of grain. It is satisfied that the pool will be able to return to its members a larger return at the end of the year for the grain which its members place in its hands.

As to the main argument advanced against mixing, the argument that it depreciates the quality, and consequently the price obtainable in the foreign markets, the pool does not attempt to express any opinion on that subject. It does say, however, that if there are disadvantages attached to the operation of mixing, from the standpoint of the producer, there are advantages which more than overbalance the disadvantages.

In conclusion, we say on behalf of the members of the pool that the pool desires to be left in the position where it can carry on mixing operations.

Mr. SALES: Dr. Magill is a man with a lot of experience and a very eloquent speaker. He stated his case very well. But there have been a few things recited that I would like to deal with. With regard to the claim that the mixing houses treat off-grade grain, as I understand it, many of them are not equipped to treat off-grade grain. They are taking a lot of damp and tough grain, and they are not completely dried to begin with. Mr. Pitblado said that most of the off-grade grain reaches the private elevators, but nobody who has studied the Turgeon report will say that that is quite the case. I find that of the smutty grades, of 240,000 odd bushels of smutty No. 1, they only took in 118,000 bushels; of smutty No. 2, of 402,000 bushels, they only took in 142,000, and of smutty No. 3, of 336,000 bushels they took in only 133,000 bushels. I have left out the odd bushels. My question to Dr. Magill was, what became of the other grades?

Dr. MAGILL: Mr. Pitblado was not talking of the quantities at all, he was speaking of the 130 grades and said that the bulk of them are bought up and treated by the private houses.

Mr. SALES: I have the total receipts of the grades delivered at the head of the Lakes in the same year in which the Turgeon report gives the receipts into the private elevators, and also the shipments out. Now, as I said, these houses are not equipped with driers, at least a lot of them are not, and I find that their principal business is buying dried grain, the driest they can buy, I presume, and mixing tough and damp grain with that, without any treatment, and shipping it out. I find that 68,000,000 bushels of No. 1 were shipped out, 73,000,000 bushels of No. 1—

An Hon. MEMBER: What page are you reading from?

Mr. SALES: Page 91 of the Turgeon report. I am not quoting the odd bushels. They took in 1,360,000 bushels of tough and damp grain; at the head of the Lakes they took in 936,939 bushels and they only shipped out of that 37,000 bushels. Where did the other 900,000 bushels go for which they pay the farmer 6, 7 or 8 cents a bushel less than for the straight grade. They raised the moisture content from 12.6 to 14. In my opinion we did not do the farmer one bit of good by doing that. We just allowed these mixing houses to follow the practice. I went over to the Old Country, and I talked to a miller there. You say that he buys on the certificate. He does not do any such thing. He buys on what he expects to receive on that certificate. The miller opened his books to me and showed me a list of the moisture contents—13.5, 13.6, and turning back some years ago, 12, 11.5 and so on; and this was the complaint he made: He said "I find I am to-day getting a mixed wheat. I put it in my mouth and some of the kernels split while some of them my teeth go through easily. I

cannot grind that kind of grain. If I had 12 per cent moisture by itself, I could grind it. If I had 15 per cent moisture by itself, I could grind it. But when I have 13.5, some hard and some soft, I have to dry the whole before I can grind it." Somebody has to pay for drying it. When he buys our wheat he buys it in comparison with its moisture content, its yield and its strength, that is compared with other wheat. He is not guessing. He has got it all down in tabulated form, and my contention is that the tampering with these grades of ours, Nos. 1 and 2 which those gentlemen a few days ago in this room were so anxious to protect, must result in the lowering of the price. When you lower the price two cents per bushel on the whole crop, what benefit is it to the farmer and the mixing house to step out and give a farmer a premium of one cent a bushel when the whole price is lowered two cents?

Hon. Mr. CRERAR: What evidence have you got that the price is lowered, Mr. Sales? I do not think that any evidence can be produced to support that.

Mr. SALES: My evidence, Mr. Chairman, is that when a man goes through his books and compares the value of this wheat with the other wheat, he bases his price on that, on what he is expecting to receive and what he has received in the past.

Hon. Mr. CRERAR: I am informed by Mr. Reid, who used to be a member of this House, and who was in Britain, that he spent a considerable time in the Rankin Mills, and they told him they had no complaint to make of this grain.

Mr. SALES: And I spent some time in the Rankin Mills with the practical miller, who does the actual milling, and these were his words: "What is the matter with your wheat? It is not anything like it used to be; the last three years it has too much moisture; it has not the strength."

Mr. BOUCHARD: With just one miller?

Mr. SALES: Just this particular man. Those were his words, most emphatically. I do not think he knew anything about mixing, but anyway I will not waste time on that. We will have to vote on this thing, and I do not think it is practical to cut it out. I do not believe we can stop a man from buying wheat and doing what he likes with it after he has bought it, so I will not waste any time in trying to stop it, but to regulate it as I think it ought to be regulated. I do not know what kind of a word my good friend the Doctor has. He objected to the word "skimming"; perhaps he will get out a crossword puzzle and give us a word that means the same thing, but does not sound the same.

Dr. MAGILL: Sure.

Mr. SALES: Mr. Crerar says the American millers will get it. My contention is that the private elevators are doing exactly the same thing. They will all take what suits their purpose, naturally. What does suit their purpose? The best of its kind; the best of its kind. They are not there to pick the worst. Now, you men who are in the dairy business have a pretty good idea of what you have left after you have had three skimmings. My contention is that the whole average quality of our crop is deteriorated by this kind of thing. You skim it three times before it ever gets to the public terminal elevators, and therefore the average of what goes into the public terminal elevators is greatly deteriorated. These gentlemen claim that if the grain coming out of the private elevator is equal to that coming out of the public terminal elevator, we ought to be satisfied. That is where I contend the deterioration takes place, but, of course, we do not call it "skimming." I do not know what they call it. I know what I call it.

Any time you monkey with our grades—we had an inspector state the other day that he allowed some wheat to go into No. 3, a year or two ago, which should never have gone into it. What was the result? The result was that No. 3 in that year had a spread of 16 cents below No. 1, the greatest spread that was

ever known. Why? Because the inspector allowed that grade to deteriorate, and it did not take the Englishmen very long to find it out, either. That is what is going to happen every time we allow this thing to be done. If, as somebody said here, Nos. 1 and 2 were cut out of the mixing houses—and those are the grades we are trying so jealously to guard; I would be satisfied with that; quite satisfied with that. I recognize there are some of these off grades which might be cleaned up, rejected grain, dirty grain, and so on, but my contention, gentlemen, is that that is not the bulk of the business of these houses. The bulk of the business of these houses is confined to the mixing of tough and damp grain with dry grain, and I am satisfied from what I was told in the Old country that that resulted in lowering our prices. That is all I have to say for the moment.

The CHAIRMAN: Has any other gentleman any remarks to make?

Several Hon. MEMBERS: Question.

Hon. Mr. MOTHERWELL: May I take five minutes, Mr. Chairman, and then move an amendment?

Mr. STEWART (Humboldt): What is the question before us?

The CHAIRMAN: Section 141.

Hon. Mr. MOTHERWELL: Gentlemen, I do not think we are arguing just for the sake of making an argument. I think every hon. gentleman present has been trying to arrive at a solution of this question, and I am glad the discussion has proceeded in that way.

I think I will be obliged to refer briefly to some of the remarks made by my friend Mr. Crerar, because they were rather well put, but, at the same time, I do not think they were sound. My hon. friend takes the ground that the importer bids on the mimimum of the grain. Assuming he has the Grain Act in his desk or in his filing cabinet or somewhere accessible, he bids on the minimum. That is not the way it works out, although I formerly thought it was.

Hon. Mr. CRERAR: I did not say that.

Hon. Mr. MOTHERWELL: You said he bids on the minimum of the grain, but what he really bids on is what he has been getting. If he has been getting something that has deteriorated, whether it is barely, rye, or screenings, or anything that will mean a small output or a small yield as regards quantity, he bids not upon what he may call it, but upon the actual stuff he has been getting in the past.

Now, I think the argument is advanced that if we do not do this, somebody else will. That is equally true in every walk of life. I do not believe in enlarging upon the fallacy that if it is wrong it is wrong. I drew attention before to the fact that there was a period from 1900 to 1912 when there was no mixing, unless it was done illegally and very quietly at the waterfront, or in Winnipeg at the so-called hospital elevators, but there was no production of recognized mixing such as is provided for in Section 141 now before us. And yet none of these dire calamities, which it is predicted will happen, did happen in that period between 1900 and 1912. As a matter of fact, the quality of our wheat in the British market steadily improved during these years. Look up the files, and you will find that it is reported several times that the reputation of Canadian grain steadily improved after the legislation of 1900. Consequently, any predictions that may be made now are purely predictions, and based upon nothing, because our experience between 1900 and 1912 is directly to the contrary.

The mixing of the tough grain is one of the most objectionable features, because you cannot notice it, you cannot locate it, and you cannot recognize it until you start milling, so that the result is that you do not get the yield by

mixing tough grain with dry grain, and you cannot get uniform wheat, because part is tough and part is dry, and in milling it, the miller discovers this lack of uniformity for the first time. I think if we were to get down to something definite it would be a good thing. Most of us have mixed mortar, and we know if we want to weaken mortar we mix sand with it, and the same way with the mixing of grain. This also applies to the crating of eggs. Supposing you had a case of sound eggs all through, and started to mix the bad ones in there, you would lower the average of the contents of that crate. Anything that is mixed must deteriorate, even though it gets by the inspectors. You cannot take virtue out of a car and still have it in there, nor can you improve a grade of wheat by mixing it with an inferior grade. If you take a low grade of wheat and put it with the higher grade, you reduce the quality of the higher grade, and that is a bad thing. The arguments advanced for mixing the lower grades are very plausible, but they kill themselves because they would mix the high grade with the low grade, and if you do that you will kill our best wheat, and the thing which makes our wheat so valuable in the markets of the world is its mixing value with some softer wheat, but if you put in any inferior wheat it ceases to have the high value that the British people so much desire. If the low grade is mixed into the higher grades, the result must be a deterioration.

Mr. Rutherford deals along that line, and if anybody wishes to read No. 178, you will find it a most exhaustive report. In that he says:

> "On another report covering a parcel of Manitoba One Northern received May 27, 1924, it was noted at the bottom, '34 frosted berries in 50 grams—2.08 per cent.' I said to him, 'Do you know the statutory definition of Manitoba One, Two and Three Northern?' He said 'No.' I asked him how he arrived at the price he could pay for these various grades. 'I take into consideration what I expect to receive on the Canadian certificate based on my past experiences—strength as measured by the action of the flour when baked and yield of flour from the mill.' "

and the whole page is devoted to testimony after testimony that this is the basis upon which the buyer purchases the wheat, and you cannot get anything past him.

Mr. Crerar, I will subordinate my judgment to yours as a practical elevator man. I am not a practical elevator man; I do not know anything about it, but I say this, that it is physically impossible to work virtue out of a car of wheat and still have it there, and it is equally as impossible to work bad into it, and not have it there.

Now, in order to get the matter to something like a point, I have an amendment to propose to Section 141 by adding the following subsection thereto:

> "No. 5: Provided, however, that Section 141 and all clauses of other sections of this Act authorizing the mixing of grain after being officially graded, shall cease to be in force or effect on and after August 1st, 1927."

That is to say, this Section ceases to be in effect in 1927, when the matter can come up again. In the meantime, the capital that is invested in the mixing elevators will have an opportunity of realizing that they have two years more to operate on their investment, and they will be given notice of getting their house in order. We have had eight years of unauthorized mixing, and unlawful mixing. This will give two years of lawful mixing, and we can see how it will work out during that period. Anyhow, the whole thing will automatically stop in two years, and during that time we will know better what to do. I fancy if these evils have crept in during the eight years of unauthorized mixing, more evils will creep in under lawful mixing, and this will show what will be necessary to do, and will give those with capital invested an opportunity of putting their house in order without in any way prejudiciously affecting the investments now

made in this business, and I understand it will require a considerable investment to change these facilities.

Mr. SALES: Mr. Motherwell, do you believe you can stop a man from buying his grain and doing as he likes with it?

Hon. Mr. MOTHERWELL: If anybody can improve on this, I have no objection. This is just a start. Mr. Jelliff has proved himself quite ingenious in making amendments, and if he can improve on this, I will be delighted to accept his improvements.

Mr. MALCOLM: I am not interested in the grain trade, but I have listened with a great deal of interest to those who are. I have heard objections to the effect that grain was taken by selection by the Canadian Millers for milling into Canadian flour. Some of the gentlemen referred to this as "skimming." To me it is "selection." The grain is there, and while one car may be better than another, it is all the same grain, and the man can select the one he thinks will mill better. It seems to me that those interested in the grain business, and who understand the different grains that will mill into the best flour should have no objection if we can improve the standard in this country by selection. If we can do that, why should we not continue to select? In the second place, the Minister of Agriculture pointed out that it would be wise to eliminate mixing. I do not know anything about grading wheat or grain, but I do know about grading lumber, and I know the method by which the lumber passes inspection, and if at the inspection certain lumber is found to be No. 2, when they are looking for No. 1, those in the industry can select that No. 2 from a certain batch of lumber, and can get some very high grade stock from it, and can send the residue to the American market. By doing that, I think they are doing good for Canada, and it seems to me if we can take out the wheat milled in this country by Canadian millers and send the lower grades out, we will be doing good for Canada in that connection.

Mr. SALES: I think, Mr. Malcolm, you are missing a very important point, and that is that the residue of which you spoke, goes to the Old Country and that is what sets the price for the grain. He does not want to pay any more than his competitors in Great Britain force him to pay.

Mr. MALCOLM: That may be an interesting point, but at the same time I do not believe the millers should pay more than a standard price for flour, and if they do not select, would you get any more for the grain in the Old Country?

Mr. SALES: I think they would.

Mr. MALCOLM: If you think they would, my argument falls.

Hon. Mr. CRERAR: Mr. Chairman, I will not detain the Committee but a moment. The whole burden of Mr. Sales argument, as well as that of Mr. Millar and Mr. Motherwell is that the quality of our grain is depreciated as the result of mixing, and a consequent lowering of the price. Now, the Turgeon Inquiry had that evidence put before them by Mr. Sales and others. They sent one of their Commissioners, Mr. Rutherford, to Britain to make an exhaustive inquiry, and they had on top of those inquiries others made officially by Dr. Magill and Mr. Boyd, and the whole question was studied, and what do we find as the conclusion of the Commission? Let me read it:

> "We cannot see from the evidence we have, that the quality or reputation of Canadian grain, and therefore, the price has suffered in Britain as a result of the mixing in private elevators being allowed."

That is the judgment of the Turgeon Commission, as found on page 98. If that is the judgment of the Commission after they had all the facts, and have specifically inquired into the matter, surely that can be passed on to this Committee?

The CHAIRMAN: Is the committee ready for the question? The first amendment we have is to subsection one, to substitute the word "shall" for the word "may" in the second line. Shall the amendment carry?

Subsection one carried as amended.

The CHAIRMAN: Now, there are two amendments to sub-clause A. You will find the amendment on the Order Paper.

Mr. EVANS: Mr. Chairman, I would like to move an amendment there, that at the end of that sub-clause A the following words be added:

> "But in no case, shall No. 1 Northern or No. 2 Northern be used for mixing, or taken into a private elevator."

The CHAIRMAN: That notice will come in after we take the subsection. Is it the pleasure of the committee to adopt sub-clause A as amended?

Mr. MILLAR: I would like to have a little explanation in regard to the proposed amendment.

The CHAIRMAN: You will find the amendments on the Order Paper. The word "wheat" is changed to "grain" wherever it appears.

Mr. MILLAR: Could not the mover of that amendment tell the committee why it is desirable?

Hon. Mr. CRERAR: The clause as it stands Mr. Chairman, states that:

> "A private elevator shall receive only such grain as is the property of the person or corporation operating such elevator, and no such elevator shall conduct a public storage business or receive any grain upon terms requiring another person to pay storage charges thereon or in respect thereof."

That limits distinctly the grain a private elevator can handle, under that clause. This amendment provides that before the words, "a private elevator", there should be inserted the following:

> "Except where grain is shipped to a private terminal elevator with the written consent of the Board (the form of such consent to be approved by the Board)."

Hon. Mr. MOTHERWELL: Is that the practice now?

Hon. Mr. CRERAR: That is the practice now. In other words, it simply enlarges the operation so that a private elevator may, with the armer's consent, take his grain into the elevator. The clause as it is prevents that.

Mr. SALES: I must take strong objection to this clause. In my opinion this is simply creating or giving a private elevator the power to conduct a public storage business. It is where grain is shipped to a private terminal elevator; the grain is shipped there probably to be held by the farmer; it is mixed with other grain and is sold, and the Judge must have had that in his mind when he said they should not charge storage. Lots of our farmers have been paying storage for wheat that has not been there at all, and if you put this in—I would rather give them the whole business, mixing privileges and all, than stand for this clause as it is amended. Give them the mixing privileges; open the door and let us have the freest competition and we will be better off than if this goes through. I do not care what kind of contract the Board has, it will be in some small letters and the farmer will never read it; he never does, and he will not know what is going on, and his grain will go in there, and you are going to give these people privileges that that public elevator has not got, and I cannot see this at all. It is on a separate form, but the result is just the same. The farmer will sign it and he will never know it, and it will go in. I want to speak for a moment on this question of premiums. A man sends his grain in there and he wants to hold it; it is not held, and his very object is defeated when he allows it to go there. It also has this effect, that instead of this private

levator buying that grain and paying for it and competing for it, it is removed from the market and there is no competition for it. I will not vote for it anyway, and if it passes this committee I will oppose it in the House.

Mr. BROWN: If that amendment were adopted, would it conflict with this other wording, which reads:

> "No such elevator shall conduct a public storage business or receive any grain upon terms requiring another person to pay storage charges thereon or in respect thereof:"

It would be a case where he would likely still have to pay storage.

The CHAIRMAN: Shall the amendment to sub-clause A carry? I will put the amendment separately. Shall the amendment proposed by Mr. Stewart, to change the word "wheat" to "grain" carry?

Carried.

The CHAIRMAN: Shall the amendment proposed by Mr. Crerar carry?

Amendment declared carried on a division of 33 for, 8 against.

The CHAIRMAN: Shall subsection A carry as amended?

Carried.

The CHAIRMAN: Next is subsection B. There are two amendments to subsection B.

Mr. EVANS: Mr. Chairman, I think I moved an amendment, the words to be added to the end of subsection A.

The CHAIRMAN: Do you think that is the proper place for that amendment, Mr. Evans?

Mr. EVANS: I think it will go in there very well, Mr. Chairman.

The CHAIRMAN: Mr. Evans moves that the following be added to subsection A as a further paragraph:

> "But in no case shall No. 1 and No. 2 Northern be used for mixing or taken into a private elevator."

Is the committee prepared to deal with this amendment now?

Amendment declared lost.

The CHAIRMAN: We will take up subsection B now. The first amendment is to strike out this subsection.

Mr. SALES: I would like to know what effect it will have if the subsection is stricken out.

Hon. Mr. CRERAR: The purpose, I think, is very easily understood, Mr. Chairman. There are some elevators that are not on the lake front. Now, subsection B states:

> "No grain shipped from a private elevator shall be accepted for storage in the general bins of a public terminal elevator, but such grain may be stored in special bins in any public terminal elevator under regulations to be made by the Board for the purpose."

In other words, an elevator may mix its grain; it loads it into a car; the inspection officials sample that car and inspect it and give it a grade. This section prevents it from being binned in the public bin, although the succeeding sections of the Act provide that they will be allowed to do so. There is no purpose whatever in the section; it simply kills these houses and it does not do any good, because the next section provides that the grain can be loaded on boats, so that that section should be stricken out.

Mr. SALES: Mr. Crerar is not placing as much reliance on the wisdom of the Judge as he was a few moments ago.

Mr. MILLAR: I am wondering how the Ontario millers will like it if this is struck out. I understood the suggestion of the Commission was that the Ontario millers should be allowed to get their grain in the pure form.

Dr. MAGILL: Any miller in Ontario can get grain out of a public bin if he insists on getting it.

Mr. MILLAR: If this is struck out they may not be able to.

Hon. Mr. CRERAR: The point is that the quality of the grain is inspected by the inspector; as a matter of fact the Ontario millers to-day are buying a lot of their grain from the private elevators.

Mr. SALES: What will be the effect, Mr. Boyd, if it is struck out entirely?

Mr. BOYD: They will be able to ship it the way they are doing it now, they can follow the practice that is being followed now.

Mr. BROWN: What is the practice?

Mr. BOYD: All grain that has been inspected out of a private elevator may be shipped to a public elevator and may be binned with grain of the same grade in a public bin. That is after inspection. If it is graded in a private house as No. 2, it is taken across the yards and put into a public house in bins with No. 2, or it may be put in a bin by itself.

Hon. Mr. MOTHERWELL: I think the meaning of this is to simply subject mixing houses to a process of slow strangulation. Personally I would rather give it a two years' trial, and then you would have a warning to them to get their houses in order, and it would give a better idea of how it works out. If I knew what you were going to do with my amendment I would know better what to do with this. I think it is unfair to let it stay in. You are pretending to let them do it, and yet you have them right by the throat. Why no make a frontal attack? It is not fair.

Mr. STEWART (Humboldt): What is the standard of inspection at the private elevator before it goes to the public? Is it exactly the same as at the initial point of inspection?

Mr. BOYD: It gets the same inspection out of the private as out of the public with the exception that the samples of grain in the private house are only drawn at the spout after the grain goes out, after it has been mixed. The public house grain is sampled first in the tunnels when the grain is being run from the bins on the belts. It is first sampled and then the stream is cut at the spout as it goes in the hold. They take two samples and these samples are mixed. Our inspectors do not go into the private houses.

Mr. SALES: We are talking about this grain being shipped into public terminals by cars. Are those cars stabbed exactly as the farmers' cars are stabbed; are they graded in exactly the same way?

Mr. BOYD: No. Perhaps Mr. Serls will explain how they do.

Mr. SERLS: Grain from a private inferior elevator, a mixing house, is sampled the same, by the probe, as grain going along the road from the country. Besides, when the car ships out of the public terminal elevators to be unloaded, it is again sampled as it is unloaded. They take a sample out of the grain running out of the car, and it is checked over to see that it is up to the grade.

Mr. SALES: Once it is loaded and probed, it must go out on the grade; it cannot be taken back into the elevator and doctored.

Mr. SERLS: It is loaded and graded, and it goes to the public elevator.

Mr. SALES: It must go?

Mr. SERLS: Yes.

Mr. BOYD: We have already passed a clause which says that any elevator company which unloads a car after it has been loaded and sampled is liable to a fine as prescribed in the Section.

Mr. STEWART (Humboldt): Just to get a further assurance as to the standard that the inspector says is given when grading those cars that come from a private elevator, Dr. Magill explained this afternoon that the inspection of the product from the bins of the private elevator is not on the same basis as the inspection at Winnipeg, as the initial inspection. What I want to find out is whether a car loaded out of a private elevator and shipped to a public elevator, whether that is graded on the same basis exactly as the farmers' car going into Winnipeg.

Mr. SERLS: It is graded on a sample to represent the average of the grain in the terminal elevator.

Mr. STEWART (Humboldt): I maintain that that is the obnoxious feature of this whole thing, the car coming out of a private elevator should be graded exactly on the same basis as the farmers' car going to Winnipeg. There could then be no objection to a private elevator. It would be giving us a product exactly similar to that we get from the prairie.

Mr. BROWN: The question rather is, is the sample taken in the same way?

Mr. SERLS: Yes.

Mr. BROWN: It is taken exactly in the same way as in the farmers' car?

Mr. SERLS: Yes.

Mr. BROWN: And when the sample is taken, it goes on.

Mr. SERLS: Take grain coming along, you have got a minimum grade, and an average and the highest point of the grade. Grain coming out of the private elevator is supposed to be equal to the average going out of a terminal bin. A sample is made for that inspection. Cars coming from the country are uneven, while the grain coming from the private elevator is an even grade.

Mr. MILLAR: Is it possible in practice new, to grade it out?

Mr. SERLS: Yes.

Mr. MILLAR: It is graded equal to the average that goes by Winnipeg?

Mr. SERLS: Equal to the average out of the public terminal bin.

Mr. MILLAR: Is the standard used by the inspection department in grain passing Winnipeg the same as is used in the inspection out of a public elevator?

Mr. SERLS: Yes.

Mr. MILLAR: The average of the public elevator is equal to the average of the private elevator? You use the same standard?

Mr. SERLS: The standard is fixed, but the inspection at Winnipeg is the minimum standard which is sent over the road all over. The inspection out of a public terminal elevator must be up to that; the average of that must be equal.

Mr. BROWN: Out of the private elevator it must be equal to that?

Mr. SERLS: Yes.

Mr. BROWN: There is a suspicion in the winds of many that this grain once it is sampled or inspected and is found not to come up to the requirements, is sent back again to be sampled and is allowed to have a little more of the good stuff. That is the suspicion that men have; whether it is well founded or not I do not know. But there is that suspicion, that having been once inspected the cars return to the private terminals.

Mr. SERLS: They may.

Mr. BROWN: That would be regarded as objectionable.

Mr. EVANS: I do not want this Committee to go away with a misapprehension regarding those cars. This Act says that "Grain graded at a terminal elevator, private or public, shall be the average passing the initial inspection point, "which is Winnipeg." After the cars pass an initial inspection point,

which is Winnipeg, they are picked there. Those that will stand mixing are turned into a private terminal mixing house. It has been said that the inspection of the public terminals has been just as bad as the inspection out of private terminals. The fact is that nothing goes into the private terminals that will not stand mixing, so it is right to say that the average of the private should be up to the average of the public. But that is not the average which passes the initial inspection point as Winnipeg, and there we are losing one good step in the grade. I do not want this Committee to go away under the misapprehension that the grain out of a private terminal is as good as the grain passed at the initial inspection point, the grain which is graded to the farmer.

The CHAIRMAN: Is the Committee ready for the question? Shall subsection B be struck out?

Carried.

The CHAIRMAN: Subsection C. There are two amendments on the Order Paper to this subsection. The first is

> "Substitute the word 'so' for the word 'otherwise' in line 43; and insert the word 'not' between the words 'may' and 'be' in line 47."

Mr. SALES: The explanation of this amendment is that if the shipper fails to give any notice, he may get grain out of the private elevator mixed with grain out of a public elevator. It is the practice in the clearing houses to take grain from one house if possible, and unless the shipper especially orders it he is likely to receive grain from the private elevator mixed with grain from the public terminals. I am proposing to substitute the word "so," so that his permission will have to be obtained before this practice can be carried on. Unless he so orders it, grain may not be delivered into shipments from a public terminal elevator.

Mr. STEWART (Humboldt): Whom do you think the "shipper" means?

Mr. SALES: The "shipper" is the man who in my opinion has bought the grain.

Mr. STEWART (Humboldt): The "shipper" is the shipper from the private elevator.

Mr. SALES: Who is the shipper in this case, Mr. Boyd?

Mr. BOYD: The "shipper" would be owner of the grain in the house, or whoever has the documents for the grain.

Mr. SALES: Is he not the purchaser?

Mr. BOYD: Not necessarily. He may be representing somebody else.

Mr. SALES: When he has purchased the warehouse receipts he becomes the shipper.

Mr. BOYD: Yes.

Mr. SALES: He is the man I had in my mind. I want to mention him specifically so that he can object to taking grain from the public terminal.

Mr. BOYD: I understood your amendment to mean just the reverse of the way it reads now.

Mr. SALES: If he fails to say anything, he may get grain from either of those houses, but I think he should be allowed to say so.

Mr. ROBINSON: He will have no chance, because the mixed grain goes to the public elevators. I think you are wasting time.

Mr. SALES: Nothing matters now.

The CHAIRMAN: The opinion of the Board seems to be that subsection C might as well be struck out with subsection B.

Mr. BOYD: There is no sense in giving a shipper the right to say what he shall or shall not receive after striking out subsection B.

Hon. Mr. MOTHERWELL: That will be in accordance with the present practice.

Mr. BOYD: Exactly.

The CHAIRMAN: Is it the pleasure of the Committee to strike out subsection C?

Carried.

The CHAIRMAN: To subsection D there is an amendment on the Order Paper.

"Strike out par. (d) and substitute the following: '(d) All grain inspected out of a private elevator shall be required in order to receive a grade to be equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator.'"

Hon. Mr. CRERAR: The purpose of that amendment is very clear. As the section stands now.

> "(d) All grain inspected out of a private elevator or out of a special bin as aforesaid shall be required, in order to receive a grade, to be equal to the general average quality of the grade of a similar grade passing inspection at the initial official inspection point and shall be properly cleaned."

Now, in the general discussion on mixing this afternoon, it was brought out, I think very clearly, that the average quality of the grade after the grain is inspected is higher than the average quality of the public bins at Fort William and Port Arthur, for the reason that there are five large mills between Winnipeg and Fort William that make their selections. I do not agree with the word "Skimming." They make their selections. The effect of this clause as it stands would be this: That the quality of the grain out of the private terminals at Fort William, or anywhere else, would be higher than the average quality out of the public terminals, though bearing the same certificate. That, I think, would be unjust and impossible. The amendment proposed changes that to this condition, that the grain inspected out of a private elevator must be up to the average out of a public elevator, the average out of the public elevator at Fort William and Port Arthur. It cannot be below, it must be up to it. That will be secured by taking samples out of the public bins, and the grain out of the private elevator must be equal to that.

Mr. STEWART (Humboldt): With regard to this Section I must disagree with the statement of Mr. Crerar. He is speaking from the standpoint of an operator of a private elevator, and his argument is quite logical from that standpoint. I want to speak from the standpoint of a producer. We are granting a special privilege, and it cannot be denied that in allowing a private elevator to operate we are granting a special privilege; and in granting them a special privilege, we have the right to ask for special restrictions. Whether it is right or wrong, the conception is held throughout the country that the product coming from the private elevator gets away from the inspection below the standard that the farmer has to accept for his grain. That is probably true, and Mr. Crerar does not argue that it is not true. I maintain that we have a right to demand that the private elevator, which is really competing with the producer, put the same grade into the public elevator as the farmer puts there, so far as he knows; that is the grade which passes inspection at Winnipeg or any other initial point of inspection. We should claim that the private elevators should have their product graded on the same basis exactly, and I maintain that we should stand by subsection B as it is in the Bill.

Hon. Mr. CRERAR: There is just one general observation I wish to make. I do not admit for a second that any special privilege exists in permitting private elevators to operate. I do not put my argument on the ground of

special privilege. I am as much opposed to special privileges in any form as Mr. Stewart is, and I base my argument for it absolutely on the ground that it is in the interests of the producers of grain. I will tell Mr. Stewart and the members of this Committee that in years like last year there will be grades of grain in the Winnipeg market that are practically unsaleable. That is why I support mixing, and a fair and reasonable provision for mixing. If I am right in that, am I not right in taking a step farther and making the statement that in grading grain out of private elevators, it is unfair to ask them to put out a higher quality of the grain than goes out of the public bins? Why penalize them to that extent? I cannot see any reason for it—none whatever.

Mr. MILLAR: I would like to point out that in view of what we have recently done, grain may go from the private elevator into the bins of a public elevator. If you merely make the average of the grain out of the private elevator equal to that going out of the public elevator, you are, to a considerable extent, saying that the grain that comes out of the private elevators shall be equal to that which has already gone out of the public elevators; that is, in part. The grain that is going out of the public elevators has come out of the private elevators, and in the future it may permit of considerable variation. To that extent you are saying that the grain graded out of the private elevators must come up to the standard that has come out of the private elevators before.

Hon. Mr. CRERAR: May I say in reply to Mr. Millar that I think fully 90 per cent of that grain is loaded directly into the boats, and does not go into the public bins at all? This Section only applies to those few small elevators handling an insignificant portion of the grain.

Commissioner SNOW: I want to follow that up for a moment. I have a notation here from Fort William saying that we have eight inland houses with a capacity of 360,000 bushels, and one inland house at Port Arthur. Those are the houses to which Mr. Crerar refers.

Hon. Mr. CRERAR: Those are the only houses to which this Section applies.

Dr. MAGILL: I have a statement here of the Board of Grain Commissioners, showing the quantity of No. 1 Northern, No. 2 Northern and No. 3 Northern wheat shipped from private houses into public houses. I think Mr. Millar would like that. This shows:

"No. 1; 112,000, shipped from inland houses to the public terminal elevators.
No. 2 Northern: 415,000.
No. 3 Northern: A little over one-and-a-half-million bushels.
No. 4 Northern: A little over half-a-million.
No. 4 Special: 76,000.
No. 5 Special: 67,000.
No. 6: 15,000.
No. 6 Special: 57,000."

and so on. Those are very small quantities, Mr. Millar. They are not even 10 per cent. Ten per cent would be too high an estimate.

Mr. SALES: Do you mean that is all that is transferred by rail?

Dr. MAGILL: Here is a statement showing the total quantity of wheat by grades transferred to public elevators, Fort William and Port Arthur, crop year 1923-24—a big crop.

Mr. STEWART (Humboldt): Mr. Chairman, I have already committed myself to the principle of mixing, this afternoon, by my vote, stating that I thought it was desirable, and I do not want to be inconsistent. I will ask Mr. Crerar—who is perhaps one who is well qualified to give an opinion, and I am sure he will give us a fair opinion—as to whether it is possible for a mixing house to

compete, if it has to accept the same bases as the farmer, or will it put the mixing house out of business?

Hon. Mr. CRERAR: No; as a matter of fact, I do not think it would put the mixing house out of business at all, but I say when you penalize the mixing house you make it more difficult, and it is bound to have its reflection back to the producers of the grain.

Mr. EVANS: To those who voted here for mixing I want to say one word. Mr. Crerar has damned the whole principle of mixing out of his own mouth. He says that it is in the producers' interests to mix; then he says that many grades which could not find a market are able to be disposed of by putting them into higher grades. He wants to perpetuate now, in this amendment, the fact that what the farmer is not allowed on his part to do is allowed here, that grades may be taken out of the mixing elevators, and go into straight grain—

Hon. Mr. CRERAR: No, no.

Mr. EVANS: I understood Dr. Magill to say a little while ago that they wanted to keep the margin between the quality as it leaves the farmer's wagon and in the terminal elevators, as far apart as possible. Here you are establishing it by law. It is a steal from the farmers. I am afraid this Committee has not seen the significance of it as have some of us who are growers, and I feel that those who voted for it have made a mistake.

Dr. MAGILL: My good friend, Mr. Evans, is entirely wrong in his statement. This quality of grades do not come out of the mixing house at all. Rejected grades go through perhaps half-a-dozen special operations; they go through all sorts of treatment.

Now, with regard to Mr. Stewart's point I will say this, that if the Board of Grain Commissioners and the Inspection Department will promise me that they will give me the grading out of my house as the farmers get it over the country, I will run the most profitable mixing house in the world, and the Board knows it. Why? The standard out of the mixing house is a higher average standard. The farmer can come down in hundreds of cases and cannot get the grade they do if it were put into the mixing houses, but was put out unmixed. Mr. Boyd will tell you that.

COMMISSIONER BOYD: That is right.

Dr. MAGILL: These cars come from the country and are graded over the country because they are on the minimum of that grade. If these cars were unloaded in the mixing house, but not mixed, they would be put into the grade lower down.

Mr. EVANS: Yes, but why should this section not go in as it stands? Why is not the quality of the private mixing house the same as that of the public terminal? Why not have it all as it is graded at the initial inspection point?

Dr. MAGILL: It is physically impossible; it cannot be done—it is not there;—

Mr. EVANS: The quality is there.

Dr. MAGILL: It is not there. There is so much grain taken out for the mills, and it is not the worst grade. The objection to the Section, as it stands, is this; it describes two standards of mixing, the higher one for the private houses and the lower one for the public houses. That is an impossible conception. Our idea is a uniform standard equally applicable to public and private elevators—and a high standard. We do not want two standards.

Mr. STEWART (Humboldt): I must point out the inconsistency of Dr. Magill's statements. A moment ago he said: "Let me have the grading out of my house the same as the farmers get over the country, and I will run the most profitable mixing house in the world," and now he says it is wholly impossible.

Dr. MAGILL: No, I did not say that at all—

The CHAIRMAN: Are we ready for the question?

Hon. Mr. MOTHERWELL: Mr. Chairman, might I draw your attention to the fact that the words beginning with the last two words of the first line "Out of special bins as aforesaid" will have to come out? I will say I am in favour of the rest of this Section with those words out. Now, why have I proceeded to legalize these institutions, as Mr. Crerar has indicated? Because you must have a slightly higher standard in order to keep it evened up with the other fellows. There are your inspectors, either in the adjoining office or at the wharf and here is the owner beating that man down; his will is stronger than the inspector's and he hammers at him and hammers at him and says that he will lose 10 cents, 12 cents or even 15 cents. He is given the opportunity of taking it back to the elevators and trying it all over again, if he is not satisfied, and in view of all these privileges I think it is right he should have a slightly higher standard to compete with the other fellow. That would correct the difficulty. You will find it just about right if it is a wee bit higher.

Mr. SALES: You are not going to strike out the amendment?

The CHAIRMAN: The amendment is to strike out paragraph "D" and replace it by the following:

"(d) All grain inspected out of a private elevator shall be required in order to receive a grade to be equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator."

Shall the amendment carry?

Several Hon. MEMBERS: No, no.

Several Hon. MEMBERS: Carried.

The CHAIRMAN: Those in favour of this amendment please rise: (Several hon. members standing).

Those opposed will please stand. (Several hon. members standing).

The CHAIRMAN: The amendment carries. Shall Section "D" as amended carry?

(Carried.)

The CHAIRMAN: Subsection 2.

Commissioner BOYD: (Reading):

"It shall be lawful for the operator of a private elevator to sell or to borrow money upon the security of any grain stored in the elevator and to issue a warehouse receipt or receipts in connection with any such sale or loan."

The CHAIRMAN: The proposed amendment is to add after the word "loan" the following:

"And to any person who has shipped grain to such elevator, under the exceptions hereinbefore set forth."

That was moved by Mr. Crerar. Shall sub-section 2 as amended carry?

Mr. BROWN: It says in this Section:

"It shall be lawful for the operator of a private elevator to sell or to borrow money upon the security of any grain stored in the elevator and to issue a warehouse receipt or receipts——"

In Sub-section "A" of Section 141, it is declared to be unlawful to accept grain for storage.

Mr. SALES: Not now.

Mr. BROWN: (Reading):

"And no such elevator shall conduct a public storage business or receive any grain upon terms requiring another person to pay storage charges thereon or in respect thereof."

What is the necessity for saying to an operator of a private house "It is lawful for you to borrow money and secure your grain, if you own that grain"? You have that power to borrow money on grain which you own, without being given the power under this Act. This question only refers to the grain owned by the farmers, which he has contracted to take in. It seems to me that there is something in this Act which is not necessary, or else something which should not be there.

Mr. SYMINGTON, K.C.: May I explain why that is put in? This clause authorizes the elevator to issue the warehouse receipts to any person who is shipping grain to such elevators under the exceptions above set forth. Supposing Mr. Brown should enter into a contract with the United Grain Growers to put his grain in a private terminal, and he wants something for it. This authorizes the private terminal to give him warehouse receipts for it.

Mr. BROWN: I think this clause was drafted without reference to the amendment we introduced. I am taking the Bill as it stands without the amendment. This was drafted without any reference to the amendment that was introduced. When this was drawn, they did not know we were going to amend. It seems to me there is a complete lack of harmony between this clause and the other one.

Mr. SALES: I move it be cut out, Mr. Chairman.

The CHAIRMAN: The whole section?

Mr. SALES: Section 2. There is no use for it now.

Hon. Mr. MOTHERWELL: Did I understand Mr. Symington to say—

Mr. SYMINGTON, K.C.: This is a matter of borrowing money. This amendment deals with that part, and it provides for the issuance of warehouse receipt or receipts in connection with any such sale or loan. That is where the man buys the grain, and wants to get a loan on it, and he can issue warehouse receipts to any person who is shipping grain to such elevators, under the exceptions as aforesaid.

Mr. PITBLADO, K.C.: That is the existing practice under the rules of the Board now. They permit the issuing of the warehouse receipts to a person who has grain in the elevators. It is simply something to show has the title in it.

Mr. SALES: If you borrow money—

Mr. PITBLADO, K.C.: We are not so particular about borrowing money. That may be stricken out. We can borrow money on our own grain anywhere.

Mr. SALES: But if you take the farmers' grain in there and borrow money on it from the banks—

Mr. SYMINGTON, K.C.: If you do you go to jail.

Mr. PITBLADO, K.C.: They are not going to use the farmers' grain at all to borrow money on, but only to issue warehouse receipts to the owner of the grain. Supposing Mr. Brown puts his grain in an elevator and wants to get an advance on it, this authorizes the elevator to issue warehouse receipts.

COMMISSIONER BOYD: Mr. Chairman, without the suggested amendment which is now before the Committee, this clause was put in, as I understand it, to enable the private elevator which owned the grain to be able to go to its bank and borrow on that grain. The Bank Act did not permit that. This is in regard to the issuing of warehouse receipt or receipts in connection with it, in order that they could borrow, and is the reason why this subsection was put in—to borrow on their own grain. This suggested amendment will enable the private house to issue warehouse receipts to the farmer who has shipped this grain to the house.

Mr. SALES: Can they use the warehouse receipt for a loan on the farmer's grain?

COMMISSIONER BOYD: No.

Mr. STEWART (Humboldt): There is another point which looks to me to be dangerous. By amending subsection "A" we have permitted the private elevators to take in grain which they have not bought. It looks as if we are granting them a privilege to sell stuff they have not got.

Mr. WARNER: Would it give them the privilege to borrow money on grain that was not there?

Mr. STEWART (Humboldt): I would move, Mr. Chairman, that after the word "sell" we should insert the words "his own grain".

Mr. PITBLADO: I do not think there is any objection to making it clear that as far as selling is concerned, or borrowing money, it is his own grain.

Hon. Mr. CRERAR: I think it is quite clear that that should be put in there. This clause was drafted in the light of the preceding section.

The CHAIRMAN: It is moved by Mr. Stewart that in the second line of subsection 2 there be inserted after the word "of" the words "his own grain", and that the word "any" be taken out.

Carried.

The CHAIRMAN: Shall the amendment of Mr. Crerar carry?

Hon. Mr. CRERAR: There is no objection to that now; it merely provides that this document may be issued to the person who enters into an agreement with the elevator.

Mr. BOYD: Now that the committee has decided a shipper may ship his grain there and make a contract, he must get some warehouse receipt for it.

Hon. Mr. CRERAR: What we have just done prevents the elevator operator from using that grain.

The CHAIRMAN: In that amendment you do not need the word "and", do you?

Mr. SYMINGTON: No, but if he wants to issue a warehouse receipt on his own grain, or if he wants to issue a warehouse receipt to any person who has shipped grain to the elevator—I think the wording is correct.

The CHAIRMAN: Shall the amendment of Mr. Crerar carry?
Carried.

The CHAIRMAN: Shall subsection two as amended carry?
Carried.

The CHAIRMAN: Shall subsection three carry?
Carried.

The CHAIRMAN: Shall subsection four carry?
Carried.

The CHAIRMAN: Now, Mr. Motherwell has an amendment to add subsection five to Section 141. Mr. Motherwell moves to add subsection five to Section 141 as follows:

> "Provided, however, that this section and the provisions of other sections of this Act authorizing the mixing of grain after being officially graded shall cease to be in force or effect on and after August 1st, 1927".

Shall the amendment carry?

Hon. Mr. CRERAR: I dislike to disagree with the Minister; he has been so good-natured this afternoon that I would go a long way to meet his wishes, but I take my position on my statement that mixing is desirable in the interests of the producer. What is the use of having to come back here two years from now to go all over it again? We might have a different government by that time.

Hon. Mr. MOTHERWELL: It has been an outlawed institution for two years, and we want to see how it works. It might be that I may support it then, I do not know.

The CHAIRMAN: Shall the amendment carry?
On a division of 14 for, and 21 against, the amendment was declared lost.

The CHAIRMAN: Shall Section 141 as amended carry?
Carried.

The Committee adjourned.

The Committee resumed at 8.30 p.m., Mr. Kay presiding.

The CHAIRMAN: I have been asked by Mr. Bouchard, who is not here, to put in a notice of motion to amend subsection "BB" on page 2. He just wishes to add this at the request of the Montreal Harbour Board, that after the words "Governor in Council" on line 50 be added "after six months notice in writing to the owner or operator thereof." Is there any objection to the amendment?

Mr. SALES: What is the idea?

The CHAIRMAN: Perhaps Dr. Hersey will explain to the Committee?

Dr. HERSEY: Mr. Chairman and gentlemen of the Committee, it is merely the insertion of a short-time notice in writing in case it should be declared a terminal, which I think is very improbable. But we thought that this would naturally appeal to you as being a reasonable and proper time to make this insertion, if you will. The Harbour Board of Montreal operates its elevators at full blast for only six months, while navigation is open and it would not like to have a declaration that it was a terminal in the middle of the summer. The Commissioners feel that it would be preferable to give us a little notice so as to clean up things for the opening of navigation in the spring. For that reason, the Deputy Minister suggested, with the consent of the Commissioners, that we might have notice in writing from the Board of Grain Commissioners if at any time they should determine it to be a terminal. That is the only reason.

The CHAIRMAN: I understand there is very little likelihood of Montreal elevator ever being determined a terminal. I suppose the addition of these words would not be very serious.

Mr. BOYD: There is just one point. So far as Montreal is concerned, it does not make any difference if you make the notice ten years. It will never be a terminal, but it is going to affect Prince Rupert.

Mr. SALES: Better leave it out.

Mr. BOYD: It does not do any harm, so far as the Montreal Harbour Board is concerned, but there is the Prince Rupert elevator, and others may be erected at Vancouver, for instance.

An Hon. MEMBER: Why not put in the word "Montreal?"

Mr. SALES: Leave it out.

Dr. HERSEY: Of course Prince Rupert elevator is twelve months in operation, and we are only in operation for six months. I do not suppose it would do any real harm to give any elevator some such notice of such a decision.

The CHAIRMAN: Perhaps Mr. Boyd will give a little information on that point. Dr. Hersey, do you not think that your amendment shows rather a lack of confidence in the Government for the time being? The Act says it must be by Order in Council.

Dr. HERSEY: The feeling of the Board was that if it was ever considered wise to do it, this would be the proper time to insert this provision. The present Commissioners may possibly not be immortal.

The CHAIRMAN: This can only be declared a terminal by the Governor in Council, not on the recommendation of the Board of Grain Commissioners. It really has nothing to do with the Board. It is the Governor in Council who shall declare.

Dr. HERSEY: I will take the responsibility of withdrawing the proposed amendment so far as I am concerned.

The CHAIRMAN: Is that the pleasure of the Committee to allow the amendment proposed by Mr. Bouchard to be withdrawn?

Carried.

The CHAIRMAN: It has been suggested to me that if we take up 151 next and then deal with No. 144, we will make better progress. What is the pleasure of the Committee? I think those are the only two we have to deal with—that is, the only large sections. Is it the pleasure of the Committee to deal with 151? Section 151; there is an amendment on the back of the Order Paper to sub-section 2. Section 151 reads:

> "The person operating any country elevator shall upon request of any person delivering grain for storage or shipment deliver to such person a warehouse receipt or receipts dated the day the grain was received, and specifying:
>
> (*a*) the gross and net weight of such grain;
>
> (*b*) the dockage for dirt or other cause;
>
> (*c*) the grade of such grain when graded conformably to the grade fixed by law and in force at terminal points; and
>
> (*d*) that the grain mentioned in such receipt has been received into store."

Shall sub-section 1 carry?

Carried.

The CHAIRMAN: Sub-section 2, to which there is an amendment which you will find on the last page of the Order Paper reads as follows:

> "Such receipt shall also state upon its face that the grain mentioned therein has been received into store, and that upon the return of such receipt, and upon payment or tender of payment of all lawful charges for receiving, storing, insuring, delivering or otherwise handling such grain, which may accrue up to the time of the return of the receipt, the grain is deliverable to the person on whose account it has been taken into store, or to his order, from the country elevator where it was received for storage, or—".

and the amendment to that is to strike out all the balance of this sub-section and substitute the following:

> "in quantities not less than carload lots on track at a public terminal (unless mutually agreed) at such terminal point in the Western Inspection Division as the owner may specify (or on track at such proper terminal elevator at or adjacent to Duluth as the owner may specify) so soon as the transportation company delivers the grain at such elevator, and the certificates of grade and weight are returned.
>
> "Where delivery is made into cars on track at the country elevator the bill of lading (if issued) and an affidavit of weight shall upon request be delivered by the country elevator to the owner and thereupon the country elevator shall be relieved from further liability for grades and weights.
>
> "Should a country elevator on the order of the owner deliver the grain at a private terminal elevator approved by the country elevator, the country elevator shall guarantee the grade and weight".

Mr. EVANS: I would like to know the purpose of the first paragraph of the amendment.

The CHAIRMAN: Mr. Crerar, can you explain that?

Hon. Mr. CRERAR: As I explained when I handed this amendment in, I did so upon request without having read it over. Briefly, the only observation I could make in it at the moment is this, that the country elevator operator under the clause has to deliver at the terminal the amount of grain, the weight of grain and the grade of grain—if it is issued on graded storage tickets—that the tickets issued at the country elevator call for, and consequently he should have some say, since he has to accept the responsibility as to the point of the elevator at which the grain will be unloaded.

Dr. MAGILL: Mr. Chairman and gentleman; Mr. Crerar handed this amendment in at our request, and I would like to make a brief explanation as to what the amendment is about, if I may be permitted so to do. The reason we asked that privilege is this: the matter raised in this amendment is not reported upon by the Turgeon Commission. You can read the report of that Commission from cover to cover, and there is no reference to this matter there. A change was made in the old Act which was not recommended by the Commission at all. To that change we object. The Commission held meetings all over the West. No representative of the farmers, and no body of farmers asked for that change. No opportunity was given to the trade to present their side of the case about that change. Not a word of evidence was taken on it. It slipped in in the drafting of the Act, and I repeat that from the first word to the end of their taking evidence this matter was not discussed. It is a very serious amendment for the trade; it is the most serious amendment proposed in the draft Bill. This amendment can be used as a weapon of the most drastic kind against companies representing a very large amount of capital. We do not say it "will" be so used; we do say it "can" be so used to inflict a very heavy loss upon the public terminal elevators, and because it can be used in that way, and because it was never discussed by the Commission, we think we have the right to ask that you go slow. We are not permitted to give evidence before this Committee; we can only present an argument, and on that ground alone that it can be used in a tyrannical way against the public elevators, we are asking this Committee to hesitate about passing it at the present time.

Mr. MILLAR: Dr. Magill, will you make plain just how it can be used?

Dr. MAGILL: I will, before I am through. Let me explain what it was about. A great many years ago, I think it was the Government of Sir Wilfrid Laurier which passed the Manitoba Grain Act whereby the farmers could ship grain to the country elevators. Of course, that and all subsequent acts gave them the right to do without the country elevators. They could load over a platform, have cars placed at their request by the railways, and send that grain out at their own risk anywhere they wanted to; they had full control of it. Supposing a farmer did not want to use the platform but wanted to use the country elevator, and did not want to sell to the country elevator; that Act provided that he could get the grain back into his hands at two places. It provided that he could ask the railway company to place the car at the elevator, and he could order the elevator to load his own grain into that car. When he paid the elevator the handling charges, the elevator gave him the shipping bills, and the grain was in his own possession then, and he could send it anywhere he liked at his own risk, put it in any house in Canada, or send it to any market—at his own risk. That was provided for in the old Act, and is provided for in the present Act.

But the Act went beyond that. There was another place where the farmer might want to take delivery of the grain back into his own hands, and that was at the terminal market. That terminal market might be a thousand miles from the farmer's shipping point. Supposing a farmer took 1,500 bushels of grain and put it into the elevator; he got his tickets; got the storage receipt showing the weight and grade and he would say to the elevator: "I want this grain, not here

at the local point, but at Fort William, and you will send it to me there and deliver it to me there". What happened then? This; he had storage tickets for 1,500 bushels. If he showed the grade—supposing it was No. 1 Northern—the elevator took hold of that grain and was the custodian of that grain until they unloaded it at the terminal elevator. The grain would come down east towards Fort William and be inspected at Winnipeg, and the Inspection Department would make a return to the elevator man—their Winnipeg representative. The Winnipeg representative of that country elevator would know the car was being inspected, and would get a sample of it. Supposing it was graded at Winnipeg as No. 2. The country elevator would at once ask for a reinspection. He could do that, because he still had charge of it as a sort of custodian. If necessary, he could call for a survey and try to get that grain removed to No. 1. After the inspection, it would go on to Fort William and be put into the elevator. He would get the weight, and know all about it, and then would proceed to settle with the farmer. Now, observe this, Mr. Chairman and gentlemen. If the Winnipeg Inspectors graded that car "No. 2," the country elevator still had to pay the farmer for No. 1, because that was on the original storage receipt. If, when that car was unloaded into the terminal elevator, it weighed 100 bushels short, the country elevator still had to pay for the full 1,500 bushels. What did the farmer get out of it? He got this out of it; that that grain was a thousand miles on its journey, and if this grade was lower, or if there was a shortage, he was still paid in accordance with the first ticket issued by the country elevator. That is what he got out of it, and he needed that protection, because the producer in the middle of Saskatchewan or Alberta cannot come down with his car, look after the inspection, and go on to Fort William and look after the returns. So the Government in framing the old Manitoba Grain Act many years ago, said to the elevator men: "You shall do this because you are in a position to do it; you shall carry this risk of weight and grade, and on the other hand, we will give you this right by statute; we will give you the right to select the elevator into which you may unload. As regards Winnipeg; you will have the right to call for a reinspection. We take away the risk from the producer and put it upon you, and, therefore, we give you certain rights." That was the old Act; and that was the reason for it. What were the rights? Just these, if you like, including the right to a sample, to the inspection returns at Winnipeg, and the right to watch it along the line.

You will say: "But did not the Grain Board give an allowance for shrinkage?" Yes. All the time the Act was in existence they had an allowance for shrinkage, because there is always a waste in the handling of wheat, but that allowance was never enough to cover what was lost in weight or shortage at the terminal point. The Farmers Company was in the same fix. We lost on grades practically every year. We bought at a higher grade than we could get out of the cars at Winnipeg. The risk was ours; it was taken off the shoulders of the producers, and because we carried that risk we were given the right of selection under the old Act. What does the new Act say? We shall have no rights whatever; none whatever; none whatever. We shall not have anything to do with taking the grain from the country elevator to the terminal except to continue to carry all the risk. That is the only right this change proposes to give us. We will still carry the risk of loss in grading and weights. We will have no right to interfere in Winnipeg, and we shall not know when the car arrives there; the inspection return will not be made to us; we shall not know of the return, excepting by accident. The change proposes that the elevator people shall carry the whole of that risk, but we are given no means of protecting ourselves against it. "Well," you will say, "has the farmer the right to send this grain where he wishes?" Certainly. Nobody ever denied that. He can have it loaded at the platform, or at the country elevator, or any place he

likes, but has he the right to this additional protection without giving us some means of protecting ourselves? That raises this issue. Anyone can ship eggs or butter or anything else over a common carrier; and it is the owner of the article who has the right to say where it shall go, and he has the right to be insured, but has that right without being asked to afford us some means of protection? I want to point this out; you go to the public terminal elevator at Fort William—take the Saskatchewan Co-operative (and Mr. Sales can tell you about it)—I believe that 50 per cent of the grain that goes there consists of farmers' cars shipped by the country elevators to their own terminals, and not to the terminals of the Saskatchewan Co-operative. Supposing, for a moment, that some outside power stepped in and said to this Saskatchewan Co-operative, "You shall not ship the farmers' grain to that terminal elevator; you shall not do it." You shall not do it. A terminal elevator would lose money every year, Mr. Sales, under that condition. It would lose money every year. In addition to the loss of revenue because of the smaller handling, it would have these losses incident to the risks that I have mentioned. Very well. Nobody asked for this change, which is made without any investigation whatever. For 20 or 30 years it has been operated and I venture to say there is not a section in the whole of the Grain Act which has been less criticized than that one. There has been an odd little trouble here and there, yes, but as far as complaints were concerned, for 30 odd years, there or thereabouts, no complaint has ever been made about this section. I submit to you that if it had been unfair and unjust, the leaders of the farmers of the west would not have stood for it for the last 30 years. We know the ructions they are able to create all around; we know that, and we know what they can do in the way of pointing out unfair sections of the Canada Grain Act, so how does it come that it is only now, without a hearing, without an investigation, without a word in the report, that we have this proposal? How is it dangerous? Suppose a body controlled a lot of farmers' wheat, and said to the elevators, "Now, we have you; you will have to ship all the farmers' wheat that we control to our elevator or any elevator that we specify, and we will not ship it to your elevator." I want to say that every public terminal elevator now at the head of the lakes would lose a great deal of revenue, and would be operated at a loss. That is the very first thing that would happen. It is a means by which an outside body can boycott the commercial public terminal elevators. I would like to know whether any body of legislators in the Dominion of Canada is prepared to create such a weapon, to make use of this weapon in that way, and to do it without giving the people who are threatened and affected an opportunity of being heard. The curious thing about the grain business is this, that when it started many years ago, along with the building of railways, efforts were made to settle the plains. When the railways were running through the plains, wheat was sown, produced in large quantities, and there was a demand for elevators. Elevators required capital. At that time hardly any Canadian capital would go into that business, because it was an unknown business. One or two mills put some capital into it, and raised some money in eastern Canada, but could not raise enough. English capital shrank rom it. I heard the late Sir Byron Walker tell how he and the late Sir William MacKenzie and some others did their best to get capital in this country and Great Britain for the construction of these elevators, and how they went down to Minneapolis and the United States; how they went to Frank H. Peavey & Company, the biggest grain handlers there, and some other people there, and begged them to come up and build lines of elevators and terminal elevators. And it took some begging to get them up. We may say what we like about elevators, but there was a time when it was the most needed piece of machinery in western Canada, and the hardest to provide for. They came up. How were these lines of country elevators built? A few years ago, when I was unfortunate enough to be Chair-

man of the Grain Commission, we built a government elevator at Port Arthur. We found we could not get grain for our terminal elevator except when the crop was so big that the other elevators could not handle it. A terminal elevator—and those of you who want to go into the business might remember this—will never pay on the average unless you have country lines to feed it. Suppose Mr. Sales and I had enough money—he may have, but I have not—to build a terminal elevator with three million bushels capacity.

Mr. SALES: You are talking for both of us there.

Dr. MAGILL: We might build that elevator at the cost to-day of around one dollar per bushel, there or thereabouts. It would stand idle, it would be a dead loss to us every year unless we had more money, to enable us to go out into the west and build 300 or 400 country elevators. We would buy the grain at these country elevators and ship it to our own plant, but under the old Act, designed not for us at all, but designed to lift from the shoulders of the producer the risk—under that Act we could ship the farmer's stored grain to our own terminal elevators, and if we lost weight on the way, we had to settle with them on the basis of the original weight and the original grade. That is what is raised in this amendment. The wording of the old Act was awkward, "if either party so desires". That was the original wording. It recognized the right of the owner, and it also recognized that the country elevator must have some way of carrying that risk. The old Act said, "If either party so desires", and the proposal is, "if he so desires"—that is, the producer, to cut out all right of selection, all right of trusteeship, all right of calling for reinspection, and all right of watching the weight. "If he so desires" cuts us out completely. That is the nature of the Act. What will its effects be if it is carried out and operated? The public terminal elevators will suffer, if it is operated as it can be. The country elevators will suffer. Who will gain? The producer will not gain a cent as a producer. At the terminal point he can get no more than the first tickets issued by the country elevator call for. That is the basis of his settlements; he can get no more than that. True, if he goes into the terminal elevator business, then he can send it to his own house, but if he goes into that business he ought to go in on a free competitive basis like other people, and I do not think it should be given to anybody that the Legislature, the Parliament of Canada, should pick out one class of a community and give them a weapon—which is not a business weapon at all—with which to boycott other people. It should not be done in that way. So we propose an amendment to this proposal. We propose to go back to the underlying ideas of the old Act, and make them explicit, and our amendment is simply this. We recognize the right of the farmer to order his grain shipped to any market he chooses, any terminal point. If he says it must go to Vancouver, to Vancouver it must go; if he says it must go to Fort William, to Fort William it must go. The right of the farmer to select the terminal point should be specified in the Act. That being done, we submit that the country elevator has the right to select or to put that grain into a public terminal at that point. We do not ask for the right to put it into a private elevator; we do ask that it be put into a public elevator, and the farmer will then get a public terminal warehouse receipt, showing the quantity he put into the country elevator, and the grade he got for it there. He has no interest, as a producer, in selecting one public terminal as against another, for all these warehouse receipts of public terminals are like Canadian currency, they are of the same value and standing just the same. We therefore propose an amendment which will make it clear that the farmer names the market, the terminal point, and we name the public elevator at that point. If he wants to take delivery at the local elevator, which he has often done, especially in the case of boats, he pays the elevator the handling charges, places the car, gets the title deeds, the papers showing ownership of the grain, and sends it where he likes.

If, however, under Section 141, he makes a contract with a private elevator, and wants it sent to a private elevator, we will undertake to do it, to guarantee his grades and weights through, provided we approve of that private elevator. There are some of them away out in the country where there is no efficient scale of inspection and no efficient supervision of weighing.

That is the proposal we make. It is a proposal that contains nothing new, which reverts back to the fundamental notions of the Manitoba Grain Act, which have been tested and tried for over 30 years. There is no injustice in it to anyone; it gives us no favours and the one thing it secures for us is this; it does not manufacture a gun and hand it to some powerful enemy, with which to shoot us.

Mr. STEWART (Humboldt): Would you just state what value you think the affidavit you refer to would have?

Dr. MAGILL: We mention it because that is the practice; if they want it they can get it. If you would rather strike it out, strike it out. It is of value in evidence, though.

Mr. STEWART (Humboldt): That is the point I wanted.

Dr. MAGILL: It is of very great value in evidence.

Mr. MILLAR: I think it might be well at this stage if we got the opinion of the Board of Grain Commissioners in this matter.

Mr. BOYD: Mr. Chairman and gentlemen, the Board of Grain Commissioners takes responsibility for this amendment. If you will notice, the old section read, "if either party so desires." The Board itself was unable to comprehend just exactly what that meant, and we could not find anybody else who did. It was a very indefinite and uncertain wording, and during the early part of this year the Board has some difficulty in obtaining the right we thought the farmer had, of shipping his grain to Vancouver. The Board introduced this amendment for that purpose and that purpose alone, to see that a farmer could ship his car either to Vancouver or Fort William, just as he pleased. That was the object of the Board in suggesting that amendment. Now, the country elevators have certain rights in all these affairs, and the Board is satisfied that the amendments as suggested through Dr. Magill, are quite satisfactory and will give to the farmer now what the Board thought he was entitled to.

Mr. MILLAR: Just one question in connection with this. Will not the present Act, as drafted, give a better opportunity to a terminal elevator which is not a line elevator? Is there not a better opportunity for the building up of a terminal elevator not having line elevators?

Mr. BOYD: I do not think so, Mr. Millar, because you take our own Canadian government elevator, we find ourselves in a very unfortunate position in that way, because we have to depend upon the goodwill and the good nature of the farmers to ship us grain, and we are always struggling to fill up our elevators. If we had some connection with the country such as the other elevators have, we might do a much better business.

Mr. MILLAR: If the direction of the grain comes from the producer at the country elevators, will not the country elevators direct it from their own terminal elevators?

Mr. BOYD: I do not think so.

Mr. ROBINSON: Mr. Chairman, I just want to say that I endorse what our Chairman has said. I believe that the amendment is better than the draft of the Bill. I do not believe any party will ever gain by committing an injustice on another party, and I feel certain that if that is left as it is, the country elevator will suffer and the terminal elevator will suffer. This proposed amendment does not take away the right of the producer of grain to say to what

terminal point it should be shipped. But there is something more which I would like to emphasize and that is that it will go to a public terminal, according to this amendment, unless the farmer or producer of the grain wishes to make a bargain under Section 141 and ship it to a private elevator. I would strongly endorse the amendment as proposed.

The CHAIRMAN: Is the committee ready for the question?

Mr. MURRAY: May I say a word or two, Mr. Chairman? The Chairman of the Board of Grain Commissioners has taken the responsibility for the section appearing in the Bill. That section was drafted as the consequence of problems which arose during the past year particularly, and undoubtedly as a consequence of very careful thought on the part of the members of the Board of Grain Commissioners, and the section which you find in the Bill represents the conclusions which the Board of Grain Commissioners reached after giving the matter this very careful thought.

The position of those whom I represent is that the conclusions reached by the Board as outlined in the section contained in the Bill are reasonable and fair and proper for all parties, and I may say that the provision as set out in the Bill states simply that the producer may decide to what terminal elevator he desires his grain shipped by the country elevator with whom it has been stored. It does seem to me to be almost elemental that the producer should have the right to say not only in what country elevator he desires his grain to be placed, but also in what terminal elevator. I fail to see any distinction between the rights which should exist insofar as the choice of a country elevator is concerned, and those which should exist as far as the terminal elevators are concerned. It does not follow that because an elevator company is carrying on a country elevator business, it thereby obtains any vested rights in regard to the decision as to in what terminal elevator the grain it handles is to be placed. It is not the grain of that country elevator, it is the grain solely and always of the producer, and surely it does not need any argument to support the statement that the producer has the right to choose both the country and the terminal elevator.

Now, what is there in the contention on behalf of the elevator companies that they should be relieved, that they should be relieved of the provisions of Section 151 as outlined in the Bill? It is argued that the elevator companies should be relieved of responsibility for weights if the grain is not placed in the terminal elevator named by the country elevator. What does that mean, Mr. Chairman? It means that the country elevator companies are asking to be relieved of the weights fixed by weighmen in the employ of the Board of Grain Commissioners. It, in effect, is a declaration that the country elevator companies are asking to be relieved of the responsibility of producing the amount of grain which the government weighmen, the official weighmasters say should be produced. It means that the country elevator companies will be permitted to take in the producer's grain, weigh it by their own operators on their own operators on their own scales, and will be relieved of the responsibility of producing to the farmer or of delivering to the farmer in lieu thereof an amount of grain fixed by their own country elevator operator. Now, the position which the producer takes is this. He says that the country elevator company should be bound to deliver to him at the terminal the same amount of grain that they took in at the country elevator, and that is all he is asking; that is all that is provided for by the section contained in the Bill. It means that the country elevator company should answer their proper responsibilities in the matter of weights. It does seem to me that if the producer is bound and is prepared to be bound by the weights taken by the weighmasters at the terminals, it surely is reasonable and fair that those with whom he is dealing—the country elevator companies—should be bound by the same weights of the same officials.

Dr. MAGILL: May I say he takes the local elevator man's weights. The producer is not bound by the terminal weights. He is protected by the weights given on the original storage ticket, given in the country.

Mr. MURRAY: Perhaps he is not bound by the terminal weights, but he does ask and he is entitled to receive from the country elevator companies with whom he is dealing the amount of grain taken in over their own scales, and that is all the producer asks to be guaranteed in this amendment.

Now, what do the elevator companies propose to give the producer?

Hon. Mr. CRERAR: He is guaranteed that in this amendment.

Mr. MURRAY: He is not guaranteed that in any case where the grain is delivered at a terminal other than that named by the elevator company. At any public terminal other than that named by the elevator company. What does the trade propose to give to the producer in place of it? It says to him, "you have to take the grain that we load on a car; you have to accept our statement that we load into that car the amount which our scales show we took from you, and instead of being bound by the weights of the out-turn taken by the official weighmaster, we propose to give you an affidavit." They do not show by whom that affidavit is to be made; they do not say it is to be given by any official of the company or any responsible person, not even by the operator of the country elevator. They say, "We will give you an affidavit at the time we turn over the car to you on track, and you are bound to accept that car as we load it, whether it contains 50 bushels less or 100 bushels less than the amount of grain you delivered to us at the country elevators." That is exactly the position the trade is asking this committee to place the producer in.

Dr. MAGILL: May I interrupt a moment? We are not asking that at all. If a farmer wants it at the local point, the old Act provided how he should get it, that is all that is in our amendment about the local delivery. We are not asking for that; that is the Statute; that is the practice. If he does not want an affidavit, all right, we are not offering that at all. Mr. Murray has not the details of this business worked out.

Mr. MURRAY: Heretofore the farmer has always been entitled to receive, according to the official weighmaster, the out-turn, the amount of grain which he delivered to the country elevator. Under the old section as it appeared he was entitled to that and he always got it. Now, the trade says that if the producer wants to exercise the right which the new section proposes to give him of determining, as it seems to me it was always reasonable that he should determine, the terminal to which his grain should go, then the producer must assume the risk of the weights. The trade cannot possibly get away from that position. They are asking the producer to assume all the risk. The risk of what? the risk of dishonesty, the risk of negligence, the risk of carelessness on the part of the companies' own employees. It is quite clear to you gentlemen that it is not possible for the producer himself, busy as he is on the farm, to be present when that grain is loaded out of the country elevator. He has no means of checking up at the time the car is loaded to see how much grain goes into it, and if he wants to put that grain into a terminal of his own choice, he must then accept whatever may be loaded into the car and lose whatever deficit there may be there. Supposing the producer does choose a terminal other than that which might have been chosen by the country elevator company, what risk does the country elevator run? What risk is there which relieves the country elevator company from the responsibility of abiding by the official weights? Surely it cannot be, it should not be, that the trade does not trust the weighmasters. It simply means, Mr. Chairman, the country elevator companies forcing into their own terminals the grain of the producer, the grain which he should have a right to say where it should go.

Now, to accept the amendments means to deprive the producer of what undoubtedly is a fundamental right, the right to say in what building, in what elevator, his grain should go. To accept the amendments is to deprive him of a right which, it is true, he has not enjoyed under the Canada Grain Act heretofore, but which he was always entitled to and which he should have.

Mr. SALES: Will you tell the Committee, Mr. Murray, whom you represent, and how many farmers you represent?

Mr. MURRAY: I am representing the wheat pools of Manitoba, Saskatchewan and Alberta. There are in these three pools approximately 100,000 farmers, and it means that this section as it stands and the amendments affect the interest of those 100,000 farmers. Every one of them is vitally interested.

Mr. WARNER: What is in the Bill now is satisfactory?

Mr. MURRAY: What is in the Bill now is satisfactory because it appears to the pool to be a fair solution of the whole problem.

Hon. Mr. CRERAR: Did the pools appear before the Royal Grain Commission?

Mr. MURRAY: The pools did not make any representations before the Royal Grain Commission that I am aware of.

Mr. SALES: They were not all organized at that time?

Mr. MURRAY: The pool was not organized in Manitoba or in Saskatchewan. The pool in Alberta was organized. That pool appeared before the Commission at the request of the Commission and dealt with some phases of the grain trade, but they did not make any representations on this point.

Mr. SALES: If your organization had been complete, you would have made representations?

Mr. MURRAY: I think it is reasonable to say that if we had been organized and allowed to make representations we would have taken part in the inquiry.

Hon. Mr. CRERAR: The Alberta pool had been in operation for a year?

Mr. MURRAY: For part of a year. The sittings of the Royal Commission were held in Winnipeg in the months of February, March and April of last year, and the Alberta pool had commenced to operate the previous September and was then in existence some six or eight months. The Alberta pool started to operate in about September, 1923.

Hon. Mr. CRERAR: And the sittings of the Royal Grain Commission were in 1924?

Mr. MURRAY: Sessions were held in Winnipeg more than a year ago.

Mr. SNOW: In connection with this matter, as Mr. Boyd said, we practically recommended this change, and I agree with what he said. "If either party so desires" seemed a very indefinite phrase. I might as well go on record and say that in my opinion the farmer has a perfect right to say where his grain is going to be shipped. Further, I think he had the right to say, if he so desired. But I want to point out to you that a country elevator assumes a tremendous risk in handling farmers grain from the point of shipment until it arrives at the terminal points. They take the car in, they weigh it, they take the tickets, and they are bound by those tickets. They have got then to deliver that grain safely at the terminal points if so desired by the farmer. The whole matter simply boils down to this, that the Board came to this conclusion that so long as the interests of the farmer were absolutely safeguarded, so long as we knew that he would get returned to him what belonged to him, we were quite willing to go as far as we could to see if we could assist the country elevator. There is no use in making any bones about that. Now, we have the pools coming here. No doubt it might affect the pools. They are going to have a great deal of grain to handle, and it means something to them if that

grain should be diverted from points that they themselves might desire to have it shipped to, so that the revenue that would be derived from the handling of that grain—it is a question of whether the people who are taking this risk of storing and shipping that grain should get that revenue or whether some one else should get it who are not assuming any of those risks. I am quite free to say that, so far as I am concerned—I repeat—so long as the farmer is safeguarded in every respect, I am quite willing to go a little further to help the country elevators to get a little revenue for the risk they are taking in handling that kind of goods. When you take into consideration the tariff we fix to-day in the country elevators—no country elevator could operate as a storage and shipping house if that was the only revenue that they could get out of the grain; and as has been pointed out by, I think, Dr. Magill, with this continuous stream coming down, with the revenue that they get at the one end and the revenue they might get at the other end, they could make the thing pay. The farmer has an absolute right to take his grain at the point of shipment and assume all those risks himself, and ship where he likes to any point he likes, and relieve the elevator of that responsibility.

Mr. LUCAS: What guarantee has the farmer got that his grain is full weight that goes with the car?

Mr. SNOW: Any farmer that takes delivery of his grain at a country point —his only guarantee is the honesty of the country elevator operator, and the accuracy of his scale. But I say that if he wants to assume those risks, the country elevator is quite willing that he should do so.

Let me point out another thing. A farmer's car is put into the elevator, and it is a very common question especially in the taking in of a lot of grain and they are very busy, to load that car without weighing the grain, loading the car up to the load line, to its capacity. If I had that grain in a car which I supplied and the bill of lading is handed over to me, I have the custody of those goods. Suppose that that car instead of showing a shortage had an overage, and suppose the elevator says "Hand over that overage to me, that does not belong to you," and I say "I do not think I will," it would mean a loss to settle that. But suppose the country elevator said to the farmer on a shortage, "no, we won't make it good," the farmer would not have any loss because we would make the elevator company make a settlement at once, a settlement based on the same price as the carload was sold at, so long as it was a carload lot and it was short.

I do not know that we can say much about it. It is a matter that you have to decide yourselves. I merely wanted to say these few words because we have a certain responsibility. I do not want to evade anything. I do not think we did anything wrong, and I believe that if you want to take away that right from the elevator company, it means that we would have to devise some way of relieving the elevator companies from some of the responsibilities, or devise some way of giving them a better revenue for the handling of the goods, because, if not, I do not see how they are going to operate.

Mr. SALES: Are they charging as much as they might?

Mr. SNOW: The charge in the country elevator for special bin grain is two and a half cents a bushel, and fifteen days free storage.

Mr. SALES: There is only one company charging that at the present time.

Mr. SNOW: You know that the ordinary country elevator is not equipped for the special bin business. The ordinary charge is one and three-quarter cents, and one-thirtieth of a cent a day after the fifteen days are up for ordinary storage. I know enough about the elevator business to know that if I ran a country elevator, I would have to handle a tremendous amount of grain if that was the total revenue that I could get out of that elevator. But as I said

before, by combining the two, the companies could make a revenue, could make a little money out of it and make it pay.

Mr. LOVIE: I have in my hand a telegram from Glenboro, Manitoba, and it is only one of many, I have no doubt other members have received. They have had their mail pretty well flooded with similar telegrams. This reads:—

> "We desire you urge full system of marketing be definitely recognized in the new Canadian Grain Act, that the Act make provision for pool operating country elevators as pool elevators only and that farmer have the right to ship his grain to terminal elevator which he designates."

This is signed by W. A. Dewart. So far as I see, the amendment which is being introduced here, and is being backed up by the members of the Board of Grain Commissioners, is going to put the elevators out of business because it means that the farmers will ship their grain over the platform. There is no other way left for them. They are not going to put it in the initial elevator and have no means of knowing where it is going to. At any point where there is no pool elevator they have not the means of doing it even although they are members of the pool. Consequently, they are going to ship over the platform, and the elevator, instead of being better off, is going to lose grain by it. There is nothing else for it.

Mr. JELLIFF: If I understood the Chairman of the Board aright a few minutes ago, this subsection 2 of section 151, or whatever it is we are considering here, was drawn up by the Board?

Mr. BOYD: No, Mr. Jelliff, subsection 2 is the same section as was in the old Grain Act with the exception of the words "if he so desires" as now in the Bill. The old words were "if either party so desires". That is the only change that was made. This was discussed with Mr. Justice Turgeon when this clause was being considered.

Mr. JELLIFF: But I understand that you approve of this section?

Mr. BOYD: Yes. The section itself was all right, except the changing of those words. We could not understand what was meant by "if either party so desires." It appeared to us that which ever party desired first won. And the reason why we suggested some change to Mr. Justice Turgeon was that we had one instance where a farmer wanted to ship his car to Vancouver and the elevator company disputed his right to ship it, and we insisted he should have the right to ship his car to Vancouver if he wanted to. These are the only words changed in that subsection.

Mr. JELLIFF: Now, you favour the amendment, Mr. Boyd?

Commissioner BOYD: Yes, we think the amendment will give to the farmer just exactly what he had under the old Section. We do not think he will suffer; we think he may be in a better position as far as the affidavit is concerned. If it is left in, it means further evidence for us to examine, if a farmer complains of a shortage.

Mr. SALES: He had nothing under the old Act?

Commissioner BOYD: No.

Mr. SALES: And he has nothing now?

Mr. JELLIFF: Under this amendment of Mr. Crerar's, as I understand the last clause, if a farmer lets his grain go forward from the country elevator to a terminal elevator owned by the country elevator, they guarantee the grade and weight, but if he changes his mind and orders them to ship to some other terminal, they will not guarantee the grades and weight. Is that the same statement of it?

Dr. MAGILL: No.

Mr. LOVIE: Yes, that is it.

Dr. MAGILL: The elevator does not ask, if he wants to send to a terminal elevator, that it must be to theirs. They may not have one. There are terminal elevators operated throughout the country where we do not think the weighing is efficient, even under Government inspection, and we do not want to be bound to ship there. But if we approve of this elevator, the private elevator he names, whether we own it or not, we will ship it there and guarantee his grades and weights.

Mr. LOVIE: In other words, you name the elevator he will have to ship his grain to.

Dr. MAGILL: We name an elevator that is satisfactory to us. The request for a change did not come from us; it came from the other side. We did not ask for it, and we are willing to submit to the judgment of the Board of Grain Commissioners.

Mr. JELLIFF: You do not say here that it should be shipped to a public terminal elevator, but you say to a private terminal elevator.

Dr. MAGILL: No. The first part, Mr. Jelliff, confines our choice to the public terminal; the last part deals with a case that might arise under 141, where the farmer has made a contract with the private elevator. If he asks us to ship to that private elevator, we will guarantee the weights and grades—if we are satisfied with the weighing there.

Mr. JELLIFF: I think perhaps I understand the Doctor in regard to that.

Mr. STEWART (Humboldt): Mr. Chairman, it seems to me that the second paragraph of this amendment would practically prohibit the farmer from shipping his grain stored to grade and dockage to any terminal except that which the country elevator designated. For example, if I put my grain into a country elevator and keep the sample box in perfect order, and all that, when I give the country elevator a release, and take it at the track, what guarantee have I that the grade that is being put into the car from the country elevator will hold with the sample box? Apparently, I release the country elevator from all responsibility. They put whatever they like into that car.

COMMISSIONER SNOW: I think in connection with that, once the country elevator issued a graded and storage ticket and you accepted that grade at the point of shipment, your grade would be put in. It seems to me that the elevator company, once they made arrangement with the shipper for delivery, would have to have that box submitted to the inspector, if there was a dispute as to the grade.

Mr. STEWART (Humboldt): Do you think this provides for that, Mr. Snow?

COMMISSIONER SNOW: I do not think it would.

Mr. STEWART (Humboldt): I do not think so, either.

COMMISSIONER SNOW: The question in my mind is in regard to a country elevator sending out a shipment of grain to their own terminal. They are willing to ship it to any other terminal point the shipper wishes, at Fort William, or Vancouver, but they want to name the terminal, but I cannot see yet how they could expect the farmer at the point of shipment on grade and dockage to relieve them of the grading and it seems to me that some arrangement will have to be made in case of a dispute, that this sample box would have to be submitted, and it would have to be the determining factor so far as the grading is concerned, once the shipper shows his ticket.

Mr. SALES: Section 2 provides that they shall be relieved of further responsibility for grade and weight.

Mr. MILLAR: It seems to me, from Mr. Snow's former explanation, that the risk a farmer would take if he wished to ship to any elevator not approved by the country elevator company, would be in regard to the grade, and would

be so great as to be practically prohibitive. It means he is forced, having placed that grain in the country elevator, to ship to a terminal elevator approved by the elevator company.

Mr. LOVIE: Certainly.

Mr. SYMINGTON, K.C.: That does not always obtain.

Mr. MILLAR: It has for some time.

Mr. SYMINGTON, K.C.: Have you any objection to it?

Mr. LOVIE: Yes, all kinds of it.

Mr. MILLAR: Objection has been taken, and from the questions asked it would seem to hardly meet the approval of some of the members of this Committee. I think there are things in the new Act of which they do not approve. I am inclined to think, although it has not been mentioned, that in the back of the heads of some of those advocating this, there are other objections to the farmer shipping to a terminal elevator selected by himself. I am inclined to think that there are terminal elevators well known to the trade which do not give a very good out-turn. I am inclined to support the Act for that reason, because if the country elevators were obliged to accept the outturn from the terminals, the pressure which would be brought to bear upon the weighmaster and the Board of Grain Commissioners would be such, that they would be forced to do better than they do. I think it could be remedied. The terminal elevator that is giving an outturn that is good enough for the farmer should be good enough for the trade.

There is another point to this which I would like to mention. Notwithstanding the explanations of Mr. Boyd, it seems to me that it would be impossible for a terminal elevator to succeed unless they had a line of elevators themselves. That leads to this. In the country we have at many points six or seven elevators where there should be only two. My own shipping point is perhaps a good type. At one time there was a large territory tributary to the town I live in, and there was about 800,000 bushels shipped—yes, at one time 2,000,000 bushels of grain were shipped there. Other lines of railway were built, which cut off the territory, and now there is a very small quantity of grain shipped from there. Yet we have far more elevators than are necessary. The result is that a man must be kept there, and all the expense incidental to keeping up an elevator must be entailed to handle perhaps 50,000 bushels in a season, whereas they could handle 300,000. If this Act were left as it is now, it would give an opportunity for the terminal elevators situated at Fort William and other terminal points to succeed without a line of elevators, and we could cut out some of this useless country elevator situation, and the difficulties that have been connected with it. It has been referred to here that the tariffs would have to be raised in order to enable them to continue. I think that trouble also would disappear. We would then get back to the former state where a country elevator could handle grain at, say, 1¾ cents. They used to handle it for 1¼ cents and still made money. Since then, the condition of which I spoke where they handle only a very little grain has caused the tariff to be raised, first to two cents, and then to 2½, and I believe that if this Act could stand as it is now without the amendment, the result would be that terminal elevators would succeed without a line of elevators through the country, and a lot of these useless elevators would disappear, and we could have the grain handled for less than it is now, and it would be better for all concerned. I cannot yet see why the right to have his grain delivered at such terminal elevator as he chooses should be taken away from the farmer. I fancy it is something like this; because the weights are not satisfactory at some elevators, the country elevator companies find themselves in difficulties, and in order to get away from those difficulties they say "We will take away from the producers and the shippers something that is their right." That is the way it appears to me. I think some remedy could be found and should be

found, if the weights at some terminal elevators are not satisfactory, and I know from figures I have, and conversations I have had, that many cases have arisen from time to time where this situation is present, although nobody has mentioned it here,—that is, there are terminal elevators where the out-turns are not satisfactory. I think that is partly at the bottom of this amendment.

Mr. WARNER: Mr. Chairman, I have been listening to the discussion. I think it has been argued about as far as we need go, but I want to say this: I am representing the farmers in the western part of Canada in the grain country. Now, everyone in Canada who has been giving advice to the farmers, no matter where they live, has advised them to go into co-operative marketing. They want them to do it; they want the farmers to succeed. Now then, we have gone far enough in that country to have practically 50 per cent of the grain going through the co-operative marketing company, and I want to appeal to this Committee to consider the effort that the farmers have made. I am not going to say anything against the elevator companies; I do not want to rob anybody; I have been doing business for quite a while, and I want a fair deal, and we have the representatives of the pool in Western Canada here to-night. With all due respect to the amendment and the source of it, I want to say that I will be compelled to vote for what is standing in the Act as it is now, because it suits the representative of those pools. Now, as I say, I am not going to try to argue the fine points; I do not think we need to, but if the pool representatives are satisfied with this Act as it is here, I do not feel like voting for an amendment, that they say they are not satisfied with, and they question whether it will be a fair deal to the pool—if I understand it rightly. That is the ground I take. I should give consideration to this move that the farmers are making to get the most they can in a fair way out of what they produce. They have gone a long way, and they have worked hard, and if this Committee is going to take the responsibility of blocking the efforts of that pool, I will say I do not want to help them to do it, no matter where the source of this amendment comes from. I have the greatest respect for the men who are in the business, and for the Grain Board. There are no men of whom I think more, than I do of them, but we must consider that the representatives of the pool here do not want this amendment, and are willing to accept what is already in the Act.

The CHAIRMAN: Is the Committee ready for the question?

Mr. MILNE: It seems to me that it is rather a serious step to take, to take away from the farmer the right to say where he shall ship his grain. There have been two reasons given why the farmer should have the right to ship his grain where he desires, one is the risk of shortage, and I understand the weights and grades determined by the official inspectors. Now, it seems to me—and it is rather a serious admission to make—that we have scales and inspecting services which are not satisfactory to the trade. I think I am safe in saying that the farmers generally do not know of this, and I am sure that if they did, they certainly would not approve the scales and the system of determining grades which are not entirely satisfactory. I see no reason in the world why any weighing system or grading system carried on under the supervision of the Government should not be accurate. Another thing that appears to me is the plea that the country elevator should have the privilege of taking the grain to its terminal, in order that it might get more profit. The statement was made that the country elevators could not operate on the present prices. I understand there are very few of the elevator companies who are taking advantage of the fees they are at liberty to take, but, rather than take the maximum fee for handling the grain, they prefer to take the grain away and shoot it down into the terminal some place, where we do not know what happens to it, where it goes, or anything about it. I think that is a bad principle. If the elevators cannot handle the grain at the country points and load the grain for the present fees,

the fees should be raised, but we should know exactly what our rights are for handling this grain. It seems to me the idea of cutting down the country elevator fees and taking the grain and shipping it some place—the farmer knows not where—in order that he may get sufficient remuneration for that handling to pay for the services is not the proper principle.

Mr. LOVIE: If this Section carries there is one thing I am going to do, and that is I am going home and tell all the farmers in our district—

The CHAIRMAN: Is the Committee ready for the question?

Mr. SALES: I would like to ask Dr. Magill a question, if I may. Dr. would your objection be removed if you were guaranteed from loss if they would ship to these little elevators of which you spoke?

Dr. MAGILL: What would you do with the loss of grades?

Mr. SALES: It has been suggested to me that your objection is confined to two or three houses. Is that correct?

Dr. MAGILL: No, sir. Mr. Sales knows better than I do that it is very difficult for a country elevator to come out even on weights.

Hon. Mr. CRERAR: I might say that one point of grading appeals to me more than anything else. I am perfectly sure of this, and my friend Mr. Warner or anyone else who is supporting this clause as it stands does not, I know, wish to do any injustice to anyone. What is the law to-day? A farmer brings his grain to a country elevator. He may take a storage ticket for that grain. He takes the weights issued to him by the country elevator operator. He is there; he sees his grain weighed; it is the best protection he has. The grain is shipped for him. But when it is inspected at the inspection point, if it does not grade the same—the country elevator operator puts the grade on the ticket. That is the grading the farmer agrees to with him. If they cannot agree on the grade, there is provision in the Act in another place whereby it may be settled by the Chief Inspector. When that grain goes forward, no matter where it goes, he has to deliver to the farmer the weight and the grade that these tickets call for. He has no other option. If you take away from the operator the right to follow that grain and check the grading and the weighing of it, do you not do an injustice?

Mr. EVANS: No.

Hon. Mr. CRERAR: Mr. Evans says no. I certainly fail to understand Mr. Evans' conception of injustice at all.

Mr. EVANS: Whose grain is it?

Hon. Mr. CRERAR: It is the farmer's grain, but that does not alter the situation at all. I know last fall there was a period when we were having a loss in grades of 20 per cent. We were shouldering that loss, operating 360 elevators; we were shouldering that loss, and we have to shoulder it under this clause. That is why we should be able to follow that grain to see that it is graded properly and the proper dockage is put on it. Have I not that right? Are you going to take that away from me and deprive me of the opportunity of protecting my own interests and the interests of the company I am working for? The United Grain Growers is a company with 36,000 farmers in it, and there is no holding of less than four shares. Our company is not in the business of handling grain for the purpose of making dividends on the stock; we are there to furnish a marketing medium for our shareholders, but I submit that by this method you will do an injustice to us, and I do not think it should pass in the form it stands in now.

Mr. WARNER: Is there any amendment now?

The CHAIRMAN: Yes.

Mr. MILLAR: It is not exactly clear to me why the representative of that elevator company is deprived of following the grain and watching it, even if it is going to another elevator. When it reaches Winnipeg, has he not the same privilege of watching it?

Dr. MAGILL: No sir, he has no right at all; he is out of it; he does not know the car is there, it is not reported to him.

Mr. MILLAR: Is that so in practice? I do not doubt your statement, but is that so, Mr. Serls?

Mr. SERLS: It would all depend upon how the car was billed; if it was billed in the farmers name, the certificate of inspection would go to the farmer and the elevator company who shipped the car would not be advised of it at all.

Mr. MILLAR: Would it not be easy to make provision that they could be advised?

Mr. BROWN: I think there is not as much difficulty in this as has been indicated. If this is a car of special bin grain, in that case it is not graded at all; the farmer simply stands his grade as he would otherwise do, so that in the case of special bin grain the question of grades does not arise, although the question of weights would. Now, in the question of stored grain. When that car is shipped out it may or it may not be the grain put in; there may not be a bushel of grain in the car which the farmer put in, but the farmer has received tickets guaranteeing him so many bushels of a certain grade. There is provision made in the law whereby the inspector can be the person who decides on the grain coming into the elevator. Very well, then; the farmer takes his wheat into his elevator; he has the privilege of appealing to the inspector, and the inspector says that that country elevator has taken in so much grain of a certain grade. Now all that the elevator is required to do is furnish so much grain of a certain grade, which the inspector has already declared has been taken into that elevator to the farmers account. In special bin grain the question of grade does not arise at all, and grain taken in on a grade and dockage ticket, if the farmer makes use of his privileges, he has already declared that the farmer has that much grain to his account.

Mr. EVANS: Mr. Chairman, I said, "No" to Mr. Crerar's question for one reason. In the first place, let me say that you cannot take away this right from the farmer. I do not see why there should be any question about wheat any more than any other commodity which is shipped every day over the railroads, regarding weight and delivery of the same thing. I have had some experience this way, and I have always maintained the right to ship my own way. I have shipped through the Quaker Oats Company at Saskatoon to my own company, and they have never disputed my right. If there was any dispute about the weights at all the railway company should make it up. All that the company is asked to do is to swear that they put that grain in that car, and the railway company is made responsible for it whether it is special bin grain or stored grain; it is all the same. I would use the sample box to protect myself, and I do not see why there should be any dispute with the elevator company when I exercise my inalienable right in that way. Mr. Malcolm asked a moment ago if the farmer ever had that right. I say I have always had that right. There has been no question asked me, and I do not see that there should be.

The CHAIRMAN: Is the committee ready for the question. It is moved by Mr. Crerar—

Hon. Mr. CRERAR: That was put in by request, Mr. Chairman, as I said before.

Mr. MALCOLM: I will move the amendment, Mr. Chairman.

The CHAIRMAN: It is moved by Mr. Malcolm that the amendment as on the Order Paper be carried. Is it the pleasure of the committee to adopt the amendment?

Mr. BOYD: Mr. Chairman, I would just like to say, before the committee passes on this, that I think there are some grounds for the objections raised by some of the members, more particularly in regard to the words, "for grades." I would like to have from the country elevators why they want to be freed from the liability for grades.

Mr. PITBLADO: This ticket is the ticket for stored grain, and when you give the farmer his ticket, it is proposed to make it read this way:

> "Upon the return of this receipt and tender or payment of above-named charges accruing up to the time of the return of this receipt the above quantity, grade and kind of grain fixed by the inspector will be delivered . . . ."

and so on. That covers it, but this is the graded ticket we are dealing with now.

Mr. BOYD: Can we not make that clause conform with that form?

Mr. PITBLADO: Any way that it works, but that form will be binding.

Mr. BOYD: But it does not correspond with the subsection; I think this should be made to comply with the form.

Mr. PITBLADO: You could put it, "except in so far as the grade and dockage ticket otherwise provides." If that wording will do there is no objection to that.

Mr. BOYD: I think what some of these members have said, they are quite in order in saying.

Mr. SALES: I do not think you need worry, Mr. Chairman; it will not come through the elevator anyway.

Mr. BOYD: It might be as you say, but at the same time if this clause is going through this way I think it should be made to conform with whatever ticket we may pass later on.

Mr. SALES: We will have to go home and tell our people that this was decided by a lot of people who do not know anything about it.

Mr. WARNER: Mr. Chairman, I do not like the idea of speaking too often; I do not very often do it, but I want to tell you that I think the elevators are going to lose in this matter if they undertake to require what is in this amendment. I know the people in my part of the country will ship over the platform or load into the cars without any elevator in some way or other, and the elevator will not get the grain. I know a lot of it will go that way.

Mr. BOYD: Mr. Chairman, I would like to ask Mr. Pitblado why we should not strike out from that clause, "the country elevator shall be relieved from further liability for grades and weights." Why do you want the words "for grades" there?

Mr. PITBLADO: A man has two choices. A man can either take his grade from the elevator right there at the track, in which event the elevator operator gives him his grade and weights right then and there. As a matter of fact, if it is subject to grade and dockage it will be settled what the grade is before that; if it is storage grain they will have sent a sample in and the Chief Inspector will have settled that before, and he takes it then and there. But he does not have to take it there; he can have it sent on to the terminal elevator and get his grade and weight guaranteed as usual. He need not take it unless he wants to.

Mr. MURRAY. May I ask Mr. Boyd one question, which has to do with that same wording. That paragraph "The elevator shall thereupon be relieved from further liability for grades and weights"; you, Mr. Chairman, before have taken the responsibility for saying that these amendments are all right.

Do you realize that the effect of that is that the elevator companies shall, in any event, no matter what the circumstances, be under no further responsibility to the owner of that grain for shortage in grades or weights, no further legal liability. That is the clear effect of that wording. In other words, if the owner of the grain, the producer, takes delivery of a car on track at a country point, he has absolutely no comeback against the elevator company, even though there should be only two-thirds of the grain delivered to that company in that car. Again I point out the words, "the elevator company shall be relieved from further liability for grades and weights." Supposing there should be half a carload short, and the producer makes a claim on the elevator company for the 500 or 600 bushels of grain. The elevator company simply says, under this section, "We are by statute relieved from further liability for grades and weights. We are not responsible to you at all." It is true that he has an affidavit, but as I pointed out before, we do not know by whom, we do not know anything about it. Is that a safe and proper position to leave the producer of that grain in? The producer has no claim against the elevator company, no matter what may be the shortage, no matter what may be the quality of the grain delivered.

Dr. MAGILL: Mr. Chairman, may I say that I think all this sounds peculiar. This sub-clause deals only where the farmer wants delivery on track at shipping point. If he does not want it this section does not apply. If he has any suspicion he will not take it there on track. This whole section was in the old Act; it does not alter the old Act one iota except in favour of the farmer.

Mr. BOYD: I might answer Mr. Murray insofar as the "relieved from further liability" is concerned. We have had shortages occurring in cars of this kind, and we have held investigations at the country elevators. The affidavit would enable us to check up that house and find out whether the affidavit was a true one or not, and we have had occasion in the past to investigate shortages of that kind. We check it up and weigh it up and make a cutoff and find out whether the farmer got the proper amount of grain delivered to the car. If it was a false affidavit, if there was a shortage of 600 bushels it certainly would not be the result of a leakage in transit. Something very peculiar would be the cause of that shortage, and the Board would certainly investigate that, and would investigate the affidavit, and the circumstances under which it was given.

Mr. MURRAY: That investigation having been made, what then? What is the position? Supposing the Board's investigation confirms the claim of the producer; what then?

Mr. BOYD: I do not think there would be any doubt that the country elevator company would settle if the Board found they were wrong.

Mr. MURRAY: But what is the legal position of the producer, what right has he? Should he be placed at the mercy of the elevator company? Should he be in the position of having to take what the elevator company might be disposed to give, or should he have a legal right for a claim for whatever shortage there might be?

Mr. BOYD: Supposing the affidavit was requested and given and it was a false affidavit; do you think it would be necessary for that producer to take the matter to Court or have a contest? In our experience, where we have shown that a country elevator was wrong, they have settled.

Mr. MURRAY: But should not the producer be left in a sound position legally? Should he be deprived of rights which, in every other similar case, would be accorded to him? Why by this section take away the right that any other person would have against a person handling his property? Again, that

affidavit need not necessarily be intentionally false. There might be a mistake on the part of the operator. But even although it was only a mistake, the position under the section is the same; there is no legal protection. It is quite true that it applies only to grain the delivery of which is taken in the contract, but why should the farmer who does want delivery be deprived of the ordinary legal protection?

Hon. Mr. CRERAR: Let me give one illustration from my own experience. A farmer puts his grain in the elevator; the car is loaded out on track, and he says "I want this grain here, I am selling it 100 miles away for seed"; are we to take the weights of the party who buys the grain and takes it out of the car? We meet that case every time by saying "we will give you an affidavit." You have not any right to put it up to the elevator company to say that a farmer can order his grain to be shipped and make the elevator company pay on it.

Mr. BROWN: I think there is a good deal of beating around the bush in regard to the change in this section. A great deal has been said about the extra hardship imposed on the elevators in regard to grades and weights. I said before, in regard to special binned grain, the condition under the Act as here drafted will be exactly the same as it was under the old Act, neither better or worse for the elevator as regards weights or grades—exactly the same. Now, what about storage grain graded on inspectors' grade and dockage? I maintain that the condition is also exactly the same. That is the elevator takes in the grain and he gives tickets for it. These tickets—we will say the farmer gets the grade given by the inspector; the elevator is under obligation to furnish the amount of grain called for on the tickets, and when that grade is shipped out, he is neither better nor worse off under the new Act than he would have been under the old, that is under the Act as drafted. After all, what is the real point at issue? The point at issue is exactly as Dr. Magill stated; it is the turning away of the grain from the terminal by the company that own the country elevator. There is the point at issue, and to my mind all the discussion about extra hardship in regard to grade and weights is so much camouflage. Where the grain is sold not for delivery at a public terminal, but for delivery at any point throughout the country, there of course a different question arises, and the elevator is entitled to some protection.

The CHAIRMAN: Will the Committee amend the second paragraph of the amendment as it appears on the Order Paper by adding after the word "weights" the words "except insofar as subject to grade and dockage ticket otherwise provides."

Hon. Mr. MOTHERWELL: We do not know what that means, Mr. Chairman.

Mr. SALES: What does it mean in farmers' language?

Mr. BOYD: It means that subject to grade and dockage would not govern; it would always be the sample that would govern.

Mr. STEWART (Humboldt): Is it not a fact also that the weight is on that "subject to grade and dockage" ticket, and that the weight would also be guaranteed by that amendment?

Mr. BOYD: Yes.

The CHAIRMAN: Shall subsection 2 of Section 151 be amended as per the order paper?

Some Hon. MEMBERS: No.

Mr. SALES: Let us have a recorded division, Mr. Chairman.

Ayes, 34; nays, 13.

The CHAIRMAN: The amendment carries. Does Section 151 as amended carry?

(Carried).

The CHAIRMAN: Now, Section 144. There are three amendments on the Order Paper to Section 144, and I will ask the Committee to decide which amendment they will take first.

Mr. BROWN: There is an amendment to subsection 1.

The CHAIRMAN: The amendments strike out the clause and replace it, as far as I can see.

Mr. BROWN: Mr. Chairman, there are two amendments, but they deal with two different phases. It will be noted that subsection 1 deals with the question of elevators that are equipped for proper seed handling and other grains. That particular subject is dealt with in the second amendment, and I would suggest that we deal with the subject that is handled in subsection 1 under the second amendment, and then if we decide to pass the other, it can come in at its proper place a little further on.

Mr. JELLIFF: Mr. Chairman, if I understand you, you said the amendments that are proposed strike out this clause. The one proposed under my name simply adds to it.

The CHAIRMAN: Your amendment moves that 1 and 2 be stricken out, and be replaced by No. 1?

Mr. JELLIFF: No. It was to add a new subsection 1.

The CHAIRMAN: You strike out the subsection in the Act, and replace it by this amendment?

Mr. JELLIFF: No, add it as a new subsection.

Mr. SALES: You are adding a new subsection?

Mr. STEWART (Humboldt): He would make subsection 1, subsection 2 and add a new subsection 1.

Mr. BROWN: I move that subsection 1 of Section 144 be struck out and the following substituted:—

> "Any country elevator which is constructed, equipped, and used exclusively "—

not the word "primarily" but "exclusively"—

> "—for the purpose of receiving and preparing and shipping seed grain may, on application to and with the approval of the Board of Grain Commissioners be exempt from the provisions of Clause 'B' of Section 149."

You will notice in the printed amendment, the word "primarily" is used, but I would prefer to use the word "exclusively".

The CHAIRMAN: You propose to strike out Sections 1 and 2?

Mr. BROWN: No, subsection 1. That deals with the question of handling seed grain.

The CHAIRMAN: It is moved by Mr. Brown that subsection one of Section 144 be struck out and replaced by the following:—

> "Any country elevator which is constructed, equipped, and used exclusively for the purpose of receiving, preparing and shipping seed grain, may on the application to and with the approval of the Board be exempt from the provisions of clause B of section 149".

Is it the pleasure of the committee to adopt the amendment?

Carried.

The CHAIRMAN: Shall section one as amended carry?

Carried.

The CHAIRMAN: Now, what shall we take up next?

Mr. SALES: The new subsection.

The CHAIRMAN: Mr. Sinclair, is it your intention to strike out the first subsection of Section 144, or to add yours as a new subsection?

Mr. SINCLAIR (Oxford): My object in moving this amendment, or my reason for moving it is that information comes to me that regulations may be ordered by one company or one elevator at a point to take in grain of one individual and refuse to take in grain of another individual, and so compel a competing company to take in all grains. The object of my amendment is to have all elevators in the same place treated alike.

The CHAIRMAN: You do not say whether you intend that to be an additional subsection or to replace the one now there.

Mr. JELLIFF: Mr. Chairman, do I understand that the amendment proposed by Mr. Brown has been carried?

The CHAIRMAN: Yes.

Mr. JELLIFF: Then I would like to move my amendment as subsection two.

Mr. BROWN: Subsection two also refers to subsection one and we should deal with that first. We should decide subsection two, I think, first.

Mr. BOYD: Do you mean the sections referred to in subsection two are not necessary?

Hon. Mr. CRERAR: I understand, Mr. Chairman, that subsection two makes an exception of certain sections of the Act as far as subsection one is concerned. Consequently then, subsection two should stand in the Act, should it not?

Mr. BOYD: Why should it, Mr. Crerar?

Hon. Mr. CRERAR: Subsection one, which Mr. Brown substituted for the one in the Bill, deals with elevators which are constructed, equipped and used exclusively for the purpose of shipping seed grain, etc., and then subsection two provides that the following sections, naming them, shall apply only to any such elevator.

Mr. BOYD: Why should not all the other provisions of the Act apply?

Hon. Mr. CRERAR: I do not know; I do not know why this was put in, but I should think it should apply also to the section which Mr. Brown put in.

Mr. STEWART (Humboldt): It is unreasonable to suppose that an elevator which is doing solely a seed grain business should be required as by section B of Section 149 to receive all grain without discrimination, from any persons.

Mr. BOYD: That is the exemption. If you remember, when Mr. Clark was addressing the Committee the other day—and I might say here, gentlemen, that this amendment is the amendment suggested by the Board, with the concurrence of Mr. Clark. We used the word "primary" because Mr. Clark thought "primary" was correct. An elevator might want to do an exclusive seed business, but it might be that in some years there would be no demand for seed, and having said that it could only do that business, it might not be able to operate during those years, when there were no seed requirements. But it goes on to say that it is exempt from Section 149. Now, it was Mr. Clark's idea that this should be only exempt from clause B, and that all the other sections should apply. He felt that he wanted further restrictions and supervision, so No. 2 can be struck out.

The CHAIRMAN: Is it the pleasure of the Committee to strike out subsection two?

Carried.

The CHAIRMAN: Then, Mr. Sinclair, is it your intention to replace Mr. Jelliff's amendment by your own?

Mr. SINCLAIR (Oxford): Mr. Jelliff's amendment will practically cover mine.

The CHAIRMAN: You could have yours in amendment to Mr. Jelliff's.

Mr. JELLIFF: I think I moved my amendment to subsection two. In regard to the amendment I proposed, I do not think I need remind the members of this committee that during the last two or three years, very great efforts have been made throughout the three western provinces to build up grain pools, pools to which the individual farmer has subscribed with the idea of handling his grain through his own agency, in his own way. Now, it is quite probable that in the near future these pools will wish to either acquire or lease or possibly build elevators of their own. They are simply requesting under this amendment that I suggest that they be allowed to operate such elevators as they may acquire or lease as private country elevators. In regard to the objection made by Mr. Sinclair, I point out to him that the provision which I propose here does not lead to the inference that at points where there may be only one elevator and that elevator may be acquired by the pool, it would be necessary that the offerings of grain to that elevator should be confined exclusively to subscribers to the pool, or to pool members. That was left to the discretion of the Board of Grain Commissioners. If they thought it was improper to grant a license for a private elevator at that particular point, of course they would refuse to do so, and it is not the purpose of the pool at all to endeavour, in this provision, at a point such as has been mentioned, to exclude men who are not members of the pool from having elevator facilities.

Mr. SINCLAIR (Oxford): Supposing there is a pool elevator and an independent elevator at that point. The pool could compel the other company to take in everybody's offerings.

Mr. ROBINSON: I think there is a misunderstanding here, as the original subsection one was framed for a definite purpose and had no connection with the ordinary handling of grain either by a pool or anyone else. We have in certain sections of the west a number of grain producers who are growing pure seed, and they want to get that pure seed registered. Now, if the product of their farms goes through any ordinary public elevator, either country or terminal, it will not be registered, and in order to provide a place to handle registered seed grain this section was drafted, after consultation with Mr. Clark. Now you have struck that out, and by doing that you are making it impossible for the farmers who are endeavouring to grow pure seed grain to have it handled in such a way that it may be registered.

Mr. STEWART (Humboldt): Are you referring to subsection one or subsection two?

Mr. ROBINSON: I am speaking of the section which has been struck out, that is subsection one, and subsection two was merely pointing out the sections which did not apply to such an elevator as I have described.

Mr. STEWART (Humboldt): I think if Mr. Robinson will read the amendment which has taken the place of subsection one he will see that it has taken care of the places he has spoken of. But I think the committee did something it did not intend to do when we moved to strike out subsection two. In subsection two there is the provision that, "subsection two of section 143 shall not apply to these elevators." I pointed out this a few moments ago, that it was unreasonable to suppose that they would have to comply with that, and I think the Chairman of the Commission agrees with me in that contention. By striking out subsection two we make these elevators comply with Section 143, that is, they must take in all grain offered by any person. Now, if they are going to operate a seed grain elevator, they cannot take all the grain offered. I do not think it is necessary to have exemptions, so far as grain returns or so far as

inspection of the elevator is concerned, but they should have exemption so far as taking in the grain is concerned.

Mr. BOYD: I see what you mean.

Mr. ROBINSON: The point I want to emphasize is that the seed grain will not be registered if it goes through a public elevator.

Mr. SALES: We passed a provision for that.

Mr. BOYD: Will not the exemption clause, 149, cover your point?

Mr. STEWART (Humboldt): I was mistaken; I find it in section 149.

Mr. BOYD: All that we want to apply to the seed elevator is that it will not be obliged to take in public stored grain. We protect ourselves in section 149.

Hon. Mr. CRERAR: I will move that subsection 2 of section 144 be struck out.

The CHAIRMAN: It has been struck out.

Mr. JELLIFF: If that is struck out, I would like my amendment to be called.

Mr. BOYD: As I understand it, section 144 creates two provisos. The first proviso is for seed elevators, and the second will be a proviso for pool elevators.

Mr. BROWN: I do not know whether there is any objection to Mr. Jelliff's amendment. It seems to me that it recognizes one of the fundamental rights of a man or a company to handle their own grain if they see fit to do so; and if there is any reason why that right should not be exercised, good cause should be shown. I can well imagine an occasion might arise where in the public interests, or in the interests of those not definitely associated with the pool, who want to sell their own grain, it might be desirable that the elevator at that particular point should take in their own grain. That is safeguarded by the recognition in this amendment that the obligation or right of an elevator to handle their own grain should be dealt with only on the recommendation of the Board itself, so that the Board will be supposed to take care of the interests of the general public and will be sure to see that their interests will not be sacrificed.

Mr. PITBLADO: May I be permitted to offer a few remarks. Mr. Jelliff in his amendment suggests putting in a subsection in this Act that introduces a new principle in country elevators, a principle that has never been recognized in the Canada Grain Act thus far. Mr. Sinclair's amendment, if Mr. Jelliff's is moved, is intended to take the place of Mr. Jelliff's section, and I would like to discuss the two together if I may. It is quite true that a new marketing system has arisen in Western Canada. The members of the grain trade are personally friendly with those who are behind the new marketing system. We have no quarrel with them, and we have no quarrel with any farmer or any producer who desires to try any new marketing system if he so wishes. But we do say, sir, that if producers or anyone else, desire to go into any new system, no special Parliamentary privileges should be given in favour of that system as against any other system. There are at the present time two farmers' organizations, one consisting of 36,000 members and another consisting of 25,000 members marketing grain in Western Canada, and they have been obliged to come in with no Parliamentary privileges under the Canada Grain Act and operate just the same as anyone else who wants to market. But the wheat pool coming in now on the market desires to get from Parliament, under the provisions of Mr. Jelliff's new subsection, special new Parliamentary privileges, expressly for the wheat pool, a special privilege given to them that has never hitherto been given to any farmers' company, that has never hitherto been given to any trading company, that has never hitherto been given to any group of farmers. Now, we say—and I am going to give the reasons briefly to you—that Mr. Jelliff's new subsection should not be passed by the

Parliament of Canada. At the present time in Western Canada our farmers are roughly divided into two main groups, one the group of farmers who belong to the pool, the second the group of farmers who do not belong to the pool. Roughly that is the division, and there is a large section of the farmers of Western Canada who still prefer each to market his own grain and not enter a pool whereby the proceeds are pooled and divided. Now, the present system in Western Canada is this: Under the Canada Grain Act thus far, no one can get a country elevator license unless he is prepared to take in the grain of any one without discrimination who offers it to the elevator. The only exception heretofore has been for seed grain, a section which has been dealt with by this Committee. The Saskatchewan Co-operative Farmers' Company in their country elevators are to take the grain of anyone who offers. The United Grain Growers' Company, comprising some 36,000 farmers must take the grain of anyone who offers. The pool suggests that they should get a private elevator license so that they can, if they so desire, and if permitted by the Board, take in if they wish, only the grain of their own members and turn out the grain of the non-pool members; so that if the pool were to buld a new elevator at a new point, they might say "we will only take pool grain and the non-pool member cannot get his grain taken in." And what is the result, gentlemen? What is the result? We might as well face it. Coercion; it would compel the non-pool man to join the pool in order to get his grain stored. Supposing in a country point the pool starts an elevator, and there are other elevators there, and it says: "We want this elevator for our own grain," and their elevator is closed to the non-pool man, and in time of congestion the pool elevator only has pool grain in it and the non-pool grain cannot go to that elevator. Is that not a system of coercion to force the non-pool man to join the pool?

What is the wheat pool, gentlemen? It is these producers marketing their own grain, and I want to tell you, gentlemen, that I have before me a memorandum of the Association of the Alberta Wheat Pool—and I believe all the pools are organized along the same lines. They are an incorporated company, separate and distinct from the members who compose it, just as any company is distinct and separate under the law. As an incorporated company it has the power to accept the agency for the members who join the pool, and each member, according to my copy of the Alberta Pool—and I believe it is still the same—subscribes to it, and is a shareholder, although a very small shareholder. He only pays one dollar to join the pool. Now, the difference between that and the ordinary joint-stock company, such as Mr. Crerar's company, is this: that they divide the profits on the basis of the grain that has been taken in amongst them, or rather they pool the amount, take the proceeds out, and get that much for their grain. Mr. Crerar's company would divide their profits amongst the shareholders, while the Alberta pool has a little different way of doing it. In fact, the only difference between an incorporation composed of members, on the one hand, like a pool, and on the other hand like the Saskatchewan co-operative, is that the profits are divided in this way; that is all.

These wheat pools have power to act as agents, factors, mercantile agents, attorneys-in-fact for the growers, and they also have the power, Mr. Chairman, to buy and sell grain, to mingle and mix grain, to run country elevators, and to run public terminal elevators. They have the power—and they are a separate corporation. Each grower agrees to turn over his grain to the pool, and when we hear of a number of these producers desiring to join together to build an elevator, Mr. Chairman, what happens is that the incorporated company, incorporated for the purpose of carrying on a general grain business, for the purpose of buying and selling grain, for the purpose of acting as agents for the sale of their members' grain, and desiring to open up a country

elevator and be exempt from the general provisions of the Canada Grain Act, we say, and say without any hesitation, that there can only be one effect of that, only one effect, and that is to try by their private elevator system, to say to the non-pool members, "Yes, if you come with us you can store in our elevators, but if you do not come with us you cannot," and I say, Mr. Chairman, that it is a dangerous principle for the Parliament of Canada to pass any legislation that attempts to select any particular system, and legislate in favour of it. Just one more word along that line. Mr. Sinclair was quite glad to move this amendment when I called his attention to it, and he suggests this; if there is any grain pool owning or operating one or more country elevators, and desires to use the same or any of them exclusively for the purpose of receiving and handling the grain produced by its members and no other, they could apply to the Board of Grain Commissioners, and the Board of Grain Commissioners could grant them a license to operate as a private country elevator, whereupon such elevator shall not store grain for any person other than its members, and in case any such license is granted to any elevator at that point, any other licensed elevator at that point shall not be obliged to store grain for such grain pool. What does that mean? It means if an elevator elects at any place where there are other country elevators to store the pool grain, that elevator will be for the pool members, and the other elevators will be for the non-pool men in that vicinity, men who have not chosen to join the pool, and who do not wish to join it, and they shall have the first chance at the other elevators that are there. It is only if the pool chooses to do it, if the pool is going to set aside that elevator so that the non-pool men cannot get into it, this amendment will give the non-pool men the first chance at the other elevators that are there, if these elevators so wish. That is in brief what we see in Mr. Jelliff's amendment—the danger of it, and the danger of introducing that into the Canada Grain Act, and Mr. Sinclair was good enough to move an amendment to substitute for the amendment proposed by Mr. Jelliff.

Mr. SALES: It is really a retaliatory clause.

Mr. PITBLADO, K.C.: It is not a retaliatory clause at all, Mr. Sales. It is simply that if this Committtee think the pool should be allowed to have private country elevators, they cannot operate those private country elevators to the disadvantage of the non-pool men. It may be retaliatory in that respect. If the pool chooses to operate their own elevators, then the non-pool men should have the first chance at the pool elevators. Those are the two clauses, and it is for this Committee to say, it seems to me, first of all whether you are going to grant these private country elevators licenses to operate, and secondly, if you are going to grant them, will you grant them in the bald form that the pool can itself decide, with the permission of the Board of Grain Commissioners, and with this strong strength behind it, to run a private country elevator. I think if they have the right to do that it is only fair that the non-pool men have the first chance at the other elevators. That is all I have to say.

The CHAIRMAN: Is the Committee ready for the question?

Mr. JELLIFF: I would like to say just another word or two. Mr. Chairman, I would like to say this, that I am not a member of a pool. This amendment was placed in my hands, however, by those who do represent the pools. Although not a pool member, I am very greatly interested in the success of this great experiment which is being made in the west, and I want to see it succeed. I want these men to have the facilities and the opportunities to make it succeed. I do not lay much stress on the objection that has been made by Mr. Pitblado, if I have his name correctly. He instanced the case of the pool picking out some one spot in the country and building an elevator there, and excluding everybody but the members of the pool from placing their grain in

that elevator. That is a matter which is entirely at the discretion of the Board. I have not the slightest idea that the Board of Grain Commissioners would allow a private license, confining the admission of grain only to pool members, under any such circumstances whatever. I do not believe there is anything to fear from that. Now, as to the matter of driving members into the pool, I do not think any more effort is likely to be made by the pools along that line than I think there is likely to be effort made on the part of the line elevators to keep men from going into the pools. In fact, it has been rumoured and more than rumoured on more than one occasion that grain which members of the pool wanted to store in the public country elevators was refused, or that preference was given to the particular patrons of that particular country elevator. So I think the case is just about as strong on one side, Mr. Pitblado, as it is on the other.

Now, I cannot see the danger which Mr. Pitblado sees. I do not know why these pools should not have the rights of private elevators. These very gentlemen whom Mr. Pitblado represents in this committee—I have no objection to his doing so, and I have tried to be fair all during the sessions of the committee—do not these gentlemen own private terminals, and has not this Committee to-day conferred on them every right and every privilege under the sun they could ask for Why, they even asked the privilege of legalizing one thing which I thought had been prohibited from the time of Moses and that is adultery. We have to-day legalized the right of these privately-owned terminals down here to adulterate our grain—which we have not done in regard to any other product—to skim our grades, to take every advantage they can from us. Now, I have not strongly objected to all that, but the pools want the same privilege. I sometimes doubt in my own mind whether they should have it, but I do not know why they should not have the same privileges as the rest of you in that respect. I cannot see the force of the objection raised by Mr. Pitblado. I do not believe these farmers, through their own organizations, through their pools, are going to assume the position of trying to press their fellow farmers in any way whatsoever, and I hope this amendment which I have suggested will carry.

The CHAIRMAN: Is the Committee ready for the question?

Hon. Mr. MOTHERWELL: Mr. Chairman, I think maybe if I were wise I would keep out of this discussion, but I was one of the farmers in the west in the early years who objected very strongly to the old elevator monopoly, and although I am a friend of the pool and all co-operative mediums for the sale of grain and any other form of produce, I would urge upon whoever is pressing this—Mr. Jelliff, if you are a friend of co-operative selling of farm produce, I would urge you not to use these facilities to promote it, because it is wrong. I think it is fundamentally wrong. Where would the pool be to-day, Mr. Chairman, if all the other elevator facilities were used in that way last year? You would not have had a house to store the grain of the pool in, and yet the houses are still open and doing business. I am not a member of the pool, but as I have said before, I have always been strongly in favour of every medium that will assist the selling of farm produce, and have been all my life. But the end does not always justify the means, I do not think, and I think it is a dangerous policy. This is a means towards an end which I do not think, in a free country, we can justify. Now, I would suggest that it is half-past eleven, and if you would sleep over this thing, possibly you would not want this amendment or Dr. Sinclair's amendment on the statute. If you are going to press for a vote to-night I am going to vote against Mr. Jelliffs amendment. I may be wrong, but I am going to do what I think is right, no matter what happens. It is going away beyond the fundamentals of good legislation; it is creating special legislation of the rankest kind, all, if you like, in a good cause. That, however, cannot justify it.

Mr. SALES: Would Mr. Boyd answer me a question. Supposing the pool had the only elevator at a point, would you grant them a license of this kind?

Mr. BOYD: Why wouldn't we, Mr. Sales? Why ask that question?

Mr. SALES: I ask that because at that point, that being the only elevator, there would probably be some farmers who would not be members of the pool, who would have no place to market their wheat.

Mr. BOYD: I think perhaps under those conditions it would be a country elevator license. You are asking me an offhand question, Mr. Sales, and I will give you an offhand answer. It appears to me at first glance that if that was the only elevator at that point, it should be a country elevator license instead of a private license. That is my own personal opinion, but I am only one member of the Board.

Mr. SALES: I would like to know what the opinion of the Commission would be.

Mr. ROBINSON: I would like to ask Mr. Sales if he thinks that the pool would ask for a private elevator license under such conditions.

Mr. SALES: Of course I do not know what they would do, but I cannot imagine what they would. Still, they might.

Hon. Mr. CRERAR: Mr. Chairman, I am afraid I have perhaps earned the antagonism of some of my old friends here in some of the previous clauses, but I would like to say a word or two on this amendment proposed by Mr. Jelliff. Without question, the principal of any special privilages or special legislation in a public Act such as this is somewhat difficult to justify—I mean, on the pure ground of principle. But it does seem to me that this request of the pools might very well be considered upon another basis. The clause states specifically that the pools can only secure these private licenses to operate their country elevators with the permission of the Board of Grain Commissioners, and the Board of Grain Commissioners would be the judges whether any public interest would suffer by their securing such a license. Now, if the pool is desirous of doing so, and they can secure a license without injuring any other public interest, I can see no reason why the Board of Grain Commissioners should not give it to them. In the case which was cited by Mr. Pitblado, where there might be only one country elevator—if, in such a case, the pool applied for a private license, then I have no hesitation in saying that the Board of Grain Commissioners should not grant a license at that point. A license should only be granted when the Board of Grain Commissioners was sure that the public interest would not suffer. By the public interest I mean the interest of those farmers who are not in the pool and do not wish to go into the pool. After all, the Grain Act was made as much for them as for any pool member, but I have confidence enought in the Board of Grain Commissioners to believe that they would only issue these licenses when they were satisfied that the public interest would not suffer, and I do not think that the pool would ask for it if the public interest was going to suffer.

Mr. MURRAY: May I say a word, Mr. Chairman. I cannot help but think that there must be some substantial degree of misunderstanding on the part of some members of the committee as to the reasons underlying the putting forward of this clause. It has been made clear a number of times during the discussions of the last two or three weeks that the Grain Act is primarily and essentially a piece of legislation in the interest of the producer. It is not in the interest of the elevator companies, not in the interest of any association which may be formed, such as the pool or others, but always in the interest of the producer. Now, this proposal is in keeping with the spirit of the Act, advanced in the interests of the producer solely. To illustrate what I mean, at the present time the Wheat Pool of Saskatchewan is engaged in erecting a

number of new elevators. I am not familiar with the points at which these elevators are being erected, but I am satisfied that they are being erected in districts where there has been a large pool membership. The Saskatchewan Pool has been in operation over a year, and during the course of that year the members of the pool have used the country elevators of the line elevator companies. Whatever may be the reasons which have led them to it, the fact is that having had a year's experience, the members of the Saskatchewan Wheat Pool have decided that in their interests as wheat pools they require their own elevators. Now, what is happening is that those Saskatchewan farmers are going down into their own pockets for the monies with which to build those elevators. I am not familiar with the financial arrangements made in Saskatchewan; I am somewhat more familiar with the ideas which the Manitoba pool has in mind in that respect. The Manitoba pool, by the way, has not undertaken yet the erection of any elevator, but it is quite possible, and even likely, that in Saskatchewan, at the points at which those elevators are being erected, the monies which are being supplied are the monies solely of the pool members on whose behalf the elevators are being erected, the pool members whose grain the elevators are intended to handle. In other words, what is happening is, that a group of farmers at certain shipping points in their own interests, for the purpose of handling their own grain and their own grain only, are advancing their own monies for the purpose of putting up their own elevator. Now, just look at that situation from the standpoint of the non-pool producers at that point. How are their interests being prejudiced? The pool is certainly not depriving them of any elevator accommodation that exists at the present time. All the elevators that were there last year are still there for the non-pool members. On the other hand, what the pool members of that district are doing is adding to the elevator facilities available for producers at that point; and in that respect they are making a decided contribution. The erection of the pool elevators is having as one of its effects the effect that all the greater accommodation is available for the non-pool producers in the elevators which are already there. In no respect is the erection of these elevators imposing any hardship whatever on any producer in that district. Now, surely it will be conceded that any farmer anywhere in this country has the right to erect on his own property for his own purpose any building which he may require for the handling of his product. Any farmer in Western Canada or elsewhere may build his own elevator for his own grain and use that elevator for that purpose without interference, and undoubtedly without license.

Now, what is proper in the case of an individual is equally proper in the case of a group. The principle is not different in any respect, because you have four or five or six who are instrumental in the undertaking.

Hon. Mr. CRERAR: There is one case mentioned which is rather important. Suppose the pool erected an elevator at a point and it was the only elevator at that point, I think it would be only fair that it should treat all alike. It should be a public elevator for that point.

Mr. MURRAY: I have answered Mr. Crerar that both in that respect, and in all other respects, in so far as the obtaining of a license is concerned, the pools are in this section in the hands of the Board of Grain Commissioners.

Mr. SALES: Would you be satisfied to add a clause providing that where a pool elevator is the only one at the point, no such license shall be granted?

Mr. MURRAY: Where it is the sole elevator?

Mr. SALES: Where it is the sole elevator.

Mr. MURRAY: Yes. Offhand I see no objection.

Mr. SALES: That would relieve the Board of the responsibility.

Hon. Mr. MOTHERWELL: Suppose we make it—provided, where there is no other elevator than the pool elevator all shall be accorded similar treatment.

Mr. MURRAY: We would have to function as a public elevator until there was competition.

Mr. STEWART (Humboldt): Can the pools operate public elevators?

Mr. MURRAY: We are certainly not erecting elevators with the idea of getting into the public elevator business. That is not the purpose, that is not the desire. The sole purpose that is behind it—some rather unkind and I think rather unfair suggestions have been made in connection with this proposal. It is suggested that it is prompted with the idea of coercing non-pool members into the pool. I would like to say that any organization which has been so successful as to attract 100,000 farmers in the course of a year does not need to adopt or even think of any coercive measures. The pool will stand on its own merits and will attract its membership solely by non-coercive measures; and in this, as in its other undertakings, the pool has in mind solely the interests of the producer.

I would like to distinguish just here, Mr. Chairman, to emphasize that point: the pool is an organization in form, but is in reality simply a collection of individual producers who have come together in an organization for the purpose of carrying on in a businesslike, proper and legal way the business of getting their grain to the market. Now, my friend Mr. Pitblado has likened the pool to the two Farmer's Companies in the West, and has stated that really the only distinction between them is as to the methods by which the profits are distributed. Apparently Mr. Pitblado does not clearly understand the methods of the operations of the pool. There are no profits in the operations of the pool. The pool at no time owns any grain; it is nothing but a marketing agency; collecting the farmers' grain, putting it on the market, selling it, retaining the actual cost of operations, and returning back to the producer his own money, the money which the producer gets for the sale of that grain. There is no question of profit about it; there is no question of company about it, excepting, perhaps, simply as a matter of form. Insofar as undertakings are concerned, they are not the undertakings of a pool organization, but rather the undertakings of groups of pool members at various shipping points. Now, it is quite possible that insofar as the holdings of these elevators are concerned, they may frequently, and in cases are held in the name of the pool, but nevertheless they are in reality the property of the individual producers of that point. To deny the amendment, Mr. Chairman, means that you deny the right of the producers to undertake the handling by themselves of their own produce, and you really force them into a position where, in the marketing of their product they must use an intermediary agent. That is the whole principle involved in this question. It does seem to me, too—and I am just finishing—that Mr. Jelliff has raised a very important and certainly a very interesting question when he has said that to-day this Committee has not only recognized the principle of private elevators, but also recognized the principle that Mr. Pitblado referred to in which he applied to country elevators, such as the pool members, special parliamentary privileges, or special privileges with parliamentary sanction.

Mr. PITBLADO, K.C.: What objection would you have to this? Let us say there are two elevators at a point, one a pool elevator and one a non-pool elevator. Have you any objections to the other elevator at that point taking in the non-pool grain first? What objection have you to that? You are operating one for the members of the pool, would you have any objection to perhaps 50 per cent of the farmers, who are not in the pool, having the first crack at the other elevators? Would you have any objections to that?

Mr. MURRAY: Well, in the first place, Mr. Pitblado, I cannot admit that there are two sets of farmers.

Mr. PITBLADO, K.C.: Well, there are, whether you admit it or not.

Mr. MURRAY: Well, let us take this illustration; let us say that at a point in Saskatchewan where one of these new elevators will be erected, there are pool members who produce this year 150,000 bushels of grain, and that the capacity of the pool elevator which they erect is 100,000 bushels. That pool elevator has been erected, not with the money of the community in general, but with the money of a limited number of pool members, and it is only reasonable and only right and only fair that insofar as that new elevator will provide accommodation, those accommodations should be available first to the men who have erected it. Now, because they have contributed to the facilities of the community, is no reason why the remaining pool members should be deprived of the rights which they now enjoy, and the right which they should continue to enjoy, to use any facilities which are there at the present time.

Mr. PITBLADO, K.C.: Supposing the other elevator was a Saskatchewan Co-operative elevator erected by the farmers of the Saskatchewan Co-operative Company—the farmers' money put into an elevator. I am asking now if you think you have the right to put your own grain in your elevator and deny the other elevator the right to take in the non-pool grain first.

Mr. MURRAY: The question rises whether the elevator of the Saskatchewan Co-operative was erected with the farmers' money.

Mr. SALES: Most decidedly.

Mr. MURRAY: I am not familiar with the fact, but I understand they were erected with Government assistance.

Mr. SALES: Every share was subscribed by the farmers, and they paid a portion of it in, and assumed responsibility for the balance, and the Governmen simply stepped in and covered the loan.

Mr. MURRAY: The difference between the Saskatchewan Co-operative Company and the pool is this; the Saskatchewan Co-operative Elevator Company has entered the grain-handling business as a commercial enterprise for the purpose of making money.

Mr. GARLAND (Carleton): Can we not have this argument shortened up a bit, Mr. Chairman?

Mr. SINCLAIR (Oxford): He will not answer the question anyway.

Mr. MURRAY: I have no desire to trespass on the time or the good nature of the Committee, but I have come to the conclusion that the Committee will be exercising unfairness by depriving individual members of the pool the rights to which they are entitled, to fully enjoy the use of their own building.

Hon. Mr. MOTHERWELL: Would you think, Mr. Murray, where there is only one elevator, it would remove the difficulty if it was made a public elevator?

Mr. MURRAY: There is not the slightest danger of coercion, Mr. Motherwell.

Mr. BROWN: I would just like to say, in answer to the question of special privileges being sought, you will remember that three years ago we discussed the question of a Wheat Board, which was to continue to do what the former Wheat Board had done, and it was urged very strongly in some quarters that we should do this ourselves. The proposition fell through, for various reasons, and the farmers afterwards did undertake to do this for themselves. This is not asking any special privilege, it is asking that the proper facilities be given to those people to make a success of the undertaking into which they have entered. It must be remembered that we have a Grain Act because it was necessary in the interests of the producer to have one. This whole system of handling grain

through the Board of Grain Commissioners has been introduced and brought to its present state of perfection, why? Because the farmers of the west 40 years ago—yes, I remember 40 years ago the difficulties they had to contend with. The whole thing has been organized simply because it was necessary to protect the producers against the interests which would otherwise exploit them. We have to begin by recognizing that fact, so that when now we come and ask that the rights of the producers should be recognized, I do not think we are asking for special privileges but just what it seems to me is our fundamental right.

Mr. WARNER: Mr. Chairman, there is just one point I want to emphasize. If these pool members should go to some point where there was only one elevator, take charge of that elevator and run their own grain through it, there might be some cause for complaint. But here the statement has been made by all who have spoken that these farmers contributed their own money; they went into their own pockets, as I would go into mine to get money to build a granary on my own place. There was not any elevator there before they put an elevator there to do their own work, the same as they would do on their own farms, so they are not depriving anybody of something that was there in the first place. They are putting that there. Then that is the point I see, but I do not know that I am going to enter any objection to this elevator serving these people in a fair way at that point. I would not object to that, but do not think that these pool members are doing something that is unfair to the other people in that community, because they have gone there and built the elevator out of their own money, and these other people have not contributed to it. I wanted to make that plain; I think that should be recognized the same as it would be in the case of an individual. These people have thrown their lot together and are doing this for themselves. Now then, if the law says that they shall take in the other people's grain to the detriment of those who built the elevator to use for themselves, I say it is not a fair law.

Mr. JELLIFF: Mr. Chairman, may I make a suggestion at this point. There seems to be a great deal of controversy over this thing. I think I would be willing to accept this proposal, if the members opposed to me would also accept it, and I am going to suggest, in order to settle this controversy, that we take part of Mr. Pitblado's resolution here and add it on to mine. After the clause of mine, after the word " section," I am going to suggest that we add, " and in case any such license is granted for any elevator at any point, any other licensed country elevator at that point shall, after receiving the consent of the Board, not be obliged to store grain for any member of such grain pool," which puts us both on the same ground of supervision of the Board.

Mr. SALES: Mr. Chairman, that does not get it. We are a new country; we have new railways being built and new points being opened all the time. There may be a point at which only the pool may own an elevator, and it is the people at that point I am thinking of at the present time. I am not thinking of the old points where there are three or four elevators, and I would like this inserted:

> " Provided that at any point where there is only one elevator, and that elevator is owned or operated by any producer or group or association of producers as described in this section, the Board shall only grant a license to operate as a public country elevator."

If you add that, I think it would be acceptable to everybody.

The CHAIRMAN: Where does that come in, Mr. Sales, as a new section? Mr. Jelliff, do you accept Mr. Sales' amendment in lieu of the suggestion you last made?

Mr. JELLIFF: Yes, I am willing to accept it.

The CHAIRMAN: Then this amendment read by Mr. Sales follows the amendment of Mr. Jelliff. Is that satisfactory to you, Mr. Sinclair?

Mr. SINCLAIR (Oxford): Yes.

The CHAIRMAN: Mr. Sales moves that the following section be added after the word "section" in Mr. Jelliff's amendment:

> "Provided that at any point where there is only one elevator, and that elevator is owned or operated by any producer or group or association of producers as described in this section, the Board shall only grant a license to operate as a public country elevator."

Mr. PITBLADO: You have Mr. Jelliff's amendment, adding part of Mr. Sinclair's; that comes at the end of it all. Mr. Jelliff was good enough to add the last four lines of Mr. Sinclair's amendment to his original motion.

The CHAIRMAN: I understood Mr. Jelliff was willing to take Mr. Sales' motion instead.

Mr. PITBLADO: This is an addition.

The CHAIRMAN: Then at the end of Mr. Jelliff's original section, this motion will come in. Shall the amendment to Section 144 carry?

Carried.

The CHAIRMAN: That will go in as section two of Section 144. Now we will take subsection three. Shall subsection three carry?

Carried.

The CHAIRMAN: Now, gentlemen, if you will refer to your Order Paper you will find that on page one Mr. Jelliff moves to add Section 80A. Is it the pleasure of the Committee to add this section?

Carried.

Mr. JELLIFF: Mr. Chairman, may I call your attention to the fact that there are two more provisions.

The CHAIRMAN: Yes, we have that.

Mr. SALES: They are all carried.

The CHAIRMAN: On the Order Paper again we have two subsections that are standing, the definition of terminal elevator, which is BB. "Terminal elevator includes every public or private elevator which receives or ships grain and which is located at any point created by the Governor in Council to be a terminal." Shall BB carry?

Carried.

The CHAIRMAN: CC. "Private elevator. Private elevator means every elevator licensed under this Act which receives only grain belonging to the person or corporation owning such elevator." Shall that carry?

Mr. SYMINGTON: Mr. Chairman, in view of the change in Section 141 I think you will have to make that "—every elevator licensed under Section 141 of this Act."

The CHAIRMAN: Under Section 141?

Mr. SYMINGTON: Yes, and strike out the balance. It will read; "Private elevator means every elevator licensed under Section 141 of this Act." The balance will go out.

The CHAIRMAN: Does that amendment carry?

Carried.

The CHAIRMAN: DD, defining mill elevator. "Mill elevator includes every elevator or warehouse used or operated as part of any plant engaged in the manufacture of grain products in the western inspection division." Shall DD carry?

Carried.

Shall EE be added to section 2?

Mr. JELLIFF: This is a definition of the grain pool and follows the line of description in section 141.

Mr. PITBLADO: The last three lines "any other person or corporation which in the opinion of the Board is empowered to act and is in fact acting on behalf of or in co-operation with such Wheat Pools or any of them"—supposing that the Wheat Pools as they are incorporated have a line company working in co-operation with them, the words "Wheat Pools" would include that company. Surely that cannot be intended. In section 141 "Wheat Pool" is defined as one thing, and these people would be different people entirely. It is a peculiar definition for Parliament to say that if a line company is working in co-operation with the Wheat Pool that company is a wheat pool.

The CHAIRMAN: Is this not your own definition, Mr. Pitblado?

Mr. PITBLADO: No, that is Mr. Jelliff's definition.

Mr. MURRAY: As a matter of fact we are now only known as wheat pools. In answer to the question raised by Mr. Pitblado, I would say that in our opinion the last three lines are essential. At the present time, the Wheat Pools have a selling agency, a separate entity, a separate company which takes over all the grain of the wheat pools and markets it and unless there is some general wording such as is contained in the last three lines, we would exclude companies of that kind which are necessary for the operation of the pool. The wording is not our own, it is the wording of the drafter of the Act, Mr. Justice Turgeon of the Royal Grain Commission. It is a wording which in his opinion was ample for the purpose which it was intended to cover.

Mr. PITBLADO: If "any other person or corporation" was a subsidiary or affiliated company, I think that is all that is meant, but the wording in the amendment is wide enough to cover any company that happens to be acting in co-operation with them for the time being. I do not think that that is what is intended. We do not object to the selling agency or a part of the organization being included in the term "Wheat Pool." At the present time all the line companies throughout the prairie provinces, or, at all events, last season, were operating in co-operation with the wheat pool and under this definition they were part of the wheat pool though they were quite separate and distinct companies. I do not think that it was the intention of Mr. Murray in drafting that to make it as wide as he has it here.

Amendment adding subsection EE carried.

The CHAIRMAN: Shall section 2 as amended carry?

Carried.

The CHAIRMAN: Mr. Warner has given notice of a motion to add to section 94 the following clause as 2 (*a*):

> "Provided however that the Board with the approval of the Governor in Council may establish and station such additional Boards of appeal as may be deemed expedient and all the provisions of this section shall apply thereto."

Subsection 2 reads there shall be two Boards to be known as Boards of Appeal, one stationed at Calgary and one at Winnipeg, and Mr. Warner proposes to add "provided however that the Board with the approval of the Governor in Council may establish and station such additional Boards of appeal as may be deemed expedient and all the provisions of this section shall apply thereto." Shall Mr. Warner have permission to add this to section 94?

Hon. Mr. CRERAR: I presume the purpose of the amendment is that appeal boards may be established at more points than Winnipeg and Calgary.

Mr. BOYD: The amendment which the Committee put there, covering Boards of appeal, definitely states that there shall only be two Boards of Appeal, one at Calgary and one at Winnipeg. It may be that in the future other boards of appeal may have to be stationed at other points, for instance at Edmonton, and it might be just as well if it puts the responsibility on the Board of deciding. It seems to me that that might well be put in.

Hon. Mr. CRERAR: I have no objection, but I do not think it is necessary.

Mr. BOYD: The Board does not think it is necessary either, but the time might come when it will be necessary, and it would be unfortunate to have to come to Parliament to get that survey board.

The CHAIRMAN: Shall Mr. Warner have the permission of the Committee to revert to Section 94 and add the proposed amendment?

Hon. Mr. CRERAR: Does that mean it is only upon the recommendation of the Board?

Commissioner BOYD: With the approval of the Governor in Council.

Hon. Mr. CRERAR: I fear if the provision is there, you will probably have three or four points within the next year or two asking for the appointment of a Board of Appeal. You may have one from Vancouver, or Edmonton or Moose Jaw or Saskatoon, and it adds considerably to the expense of the administration of the law.

Commissioner BOYD: But the Board will have to be satisfied that a Board of Appeal is necessary in the interests of the producers, before recommending that it be created.

The CHAIRMAN: I may say before recommending this Section, it should have the unanimous consent of the Committee.

Hon. Mr. LOW: You have it.

The CHAIRMAN: If anybody objects it cannot go through. Shall it carry? Carried.

The CHAIRMAN: I have another notice of reconsideration. Mr. Lapierre moves that Section 6 as amended be reconsidered, and be replaced by the following:—

"Sec. 6. The Head Office of the Board shall be at such place as shall be determined by the Governor in Council."

Mr. LOVIE: No, no; we have finished with that.

The CHAIRMAN: Mr. Lapierre, we will have to have the unanimous consent of the Committee to move that.

Mr. LAPIERRE: In view of the representations that were made here by a delegation from Fort William, and the importance of this question to the business men of Fort William, I thought it advisable that this question be reopened, and we have the opportunity of discussing it a little farther. It has been an opportunity of mine during the last four or five years to be closely associated with the business men at Fort William, and I recollect how important they considered the establishment of the head office of the Board at Fort William to the business men of that city. The business men generally subscribed very liberally to the stock of that building, and the business men felt at that time that it was to be a permanent establishment. It would work a severe hardship on the business men of Fort William who have invested large sums of money in improving their stores and in putting in big stocks, and as you are all aware the eyes of the country are now on this Government, and they are wondering what the Government's idea will be regarding the retention of the Board of Grain Commissioners at Fort William. I hope we will get the unanimous consent of this Committee in order that we may provide a modification for clause 6.

The CHAIRMAN: Shall Mr. Lapierre have the unanimous consent of the Committee for the reconsideration of section 6?

Mr. LOVIE: No, no.

The CHAIRMAN: I am sorry, Mr. Lapierre, but it is one of the rules of the House that before a committee may reconsider a section that has already been passed, it requires that no one objects.

Mr. SPENCE: There is no opposition. I could only hear a murmur.

The CHAIRMAN: Is there any objection to reconsidering section 6, by any member of this Committee?

Mr. LOVIE: Yes, there are objections.

The CHAIRMAN: The Bill, I think, is complete now with the exception of the forms, and as we are not ready with them to-night, we might meet at 11 o'clock to-morrow morning and finish them up. In the meantime, the Bill will be submitted to the printers for reprinting.

Mr. STEWART (Humboldt): I have a resolution in my hand which I would like to place before the Committee. The other day the Committee, with great unanimity decided we were not paying the Board of Grain Commissioners the salaries that are their due, and they should be increased. There is another official who, in my opinion, is only secondary to that Board, and his salary is not commensurate with the duties he performs, and I would therefore recommend the following:

> "Resolved, that in the opinion of this Committee the salary of the Chief Grain Inspector, holding office according to the provision of the Canada Grain Act, should be $7,500 per annum, and we recommend that it be fixed at such sum."

We have already provided a way it can be fixed, and I think this recommendation should have consideration.

The CHAIRMAN: Mr. Stewart, that should be submitted to the minister, and not to the House. I will be very glad to submit that to the minister if the Committee so desires.

Mr. STEWART (Humboldt): I think you are right; this could only be a recommendation to the minister.

The CHAIRMAN: Is it the pleasure of the Committee that the resolution of Mr. Stewart be forwarded to the minister?

Carried.

The CHAIRMAN: The Committee stands adjourned until to-morrow morning at 11 o'clock.

The Committee adjourned until Wednesday, June 17, 1925, at 11 o'clock a.m.