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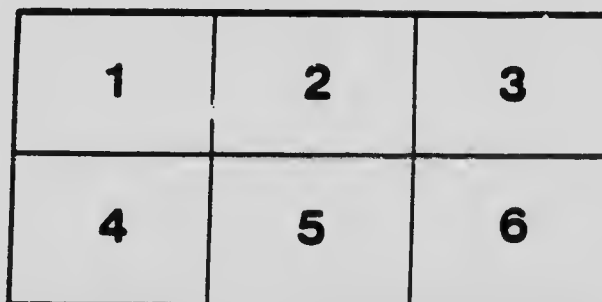
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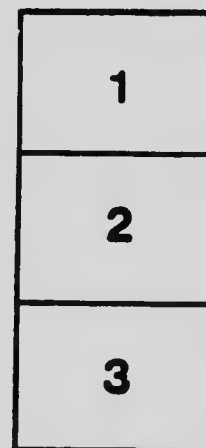
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THE GRAIN ACT AND PROPOSED AMENDMENTS

*To the Honorable Members of
The Senate and House of Commons,*

Gentlemen,

No one questions the importance of the expeditious transportation of wheat from the North-West to Lake Superior in the Fall, that which remains behind to be stored till Spring, or conveyed all-rail to St. John, bringing a good deal less per bushel to the settler. In this connection, however, people are apt to forget that the Canadian railways are obliged to use more motive power and rolling stock in order to carry a given quantity of wheat to Lake Superior within the same space of time, than the roads of Minnesota or Dakota. For whilst the wheat belt in those States begins 250 miles west of Duluth and ends 650 miles west of it, the Canadian belt does not begin till the Red River Valley is reached, and extends to the foothills of the Rocky Mountains; that is to say, from 500 to over 1,200 miles west of Fort William. As there is only a period of two months, on each side of the boundary, between the first delivery of the new wheat at interior railway stations and the close of navigation, the geographical disadvantage under which the Canadian lines labor obliges them to employ a correspondingly greater equipment of cars and locomotives, and to go to greater expense for train crews and general operation.

There is another drawback on our side of the boundary, which, however, as the country progresses, is tolerably sure to disappear. Whilst the great majority of the grain-growers in Minnesota possess granaries of their own, and are thus in a position to hold their wheat when prices are low or the railways inundated with freight, our North-West farmers, speaking at large, have no means of storing at home, and are thus, in a manner, driven to sell immediately after harvest. The simultaneous outpour throughout the length and breadth of the country of so much grain tends both to depress prices and to lay upon the Canadian railways a task such as the American roads are never called on to face.

A WEIGHTY QUESTION.

These, if mere incidents, are, it will be observed, rather important incidents of the situation. The prime question is how to move the largest quantity of wheat in the short space of two months from the interior to Lake Superior, and from Lake Superior to Montreal, bearing in mind that every year witnesses an increase of the sown acreage, and, therefore, potentially, of the volume to be moved; and also that the grain remaining unshipped at the termination of navigation will probably always, as now, suffer a depreciation of six or seven cents a bushel on account of storage, insurance and interest charges, which bear more severely, of course, upon high-priced than upon low-priced wheat. This is one of the weightiest problems Parliament has to solve in connection with the North-West—this and how to retain the grain traffic in Canadian channels from the time it leaves the harvest field till it arrives in Europe.

To meet the present exigencies of the case in the territory within its sphere of operations, the Canadian Pacific Railway has of late incurred an exceedingly heavy outlay, has probably spent more, indeed, than has been spent in the same time by the Dominion Government upon

the new Transcontinental line. It has begun and nearly finished double-tracking its road, 420 miles long, from Winnipeg to Fort William, has reduced the grades from Winnipeg to the Mountains, has built or purchased an immense number of cars and locomotives of the best modern type, and is constructing a line from the Georgian Bay that will be a shorter route between the Great Lakes and Montreal than that between Buffalo and New York, which last year carried 15,000,000 bushels of Canadian North-West wheat to American seaports.

RATES AND MILEAGE.

Honourable Gentlemen can see for themselves by referring to the schedules prescribed by the State Railroad and Warehouse Commission of Minnesota (Report for 1907, pp. 38-39), that the wheat rates of the Canadian Pacific are lower than those of any railroad operating in that State; whilst, man for man, the railroad mileage in the Canadian North-West, of which that of the Canadian Pacific forms the major part, is now considerably more extensive than that of Minnesota, which signifies that our people enjoy better facilities for marketing as well as more favorable tolls.

The Dominion Government has likewise done and is doing all it can to expedite the movement of the North-West crop. It has dealt generously by the Canadian Northern and has aided the Grand Trunk Pacific in building from Winnipeg to Edmonton, whilst that Company had been hastening construction from Lake Superior Junction to Lake Superior. The recent announcement of the Minister of Railways of the Government's intention to rebuild the Welland Canal, the key of the Canadian water route, is welcomed in the West as another step towards facilitating the despatch of the crop to the seaboard at the critical period in the Fall. At this writing the prospects are that from 100 to 120 million bushels of wheat, saying nothing of other cereals, will be harvested in the North-West this year. One can readily see what a tremendous amount is at stake and how imperative it is that the railways, which will have the bringing of it to the head of Lake Superior, should not be obstructed by unwise legislation.

THE MAIN CAUSE OF THE TROUBLE.

A quarrel between the Grain Growers' Associations, on the one hand, and the grain-buyers, on the other, appears to have been responsible for some of the objectionable clauses in the present Grain Act, as well as for some of the still more objectionable ones contained in the new or amending Bill now before Parliament. With that controversy the railways have nothing to do. On whichever side the merits or demerits may be, one consequence is already apparent, namely, that in view of the hostile legislation of the past and of that now threatening, the elevator men are not disposed to build more elevators just now. American capitalists who contemplated entering the Canadian grain trade are also deterred, and, instead of erecting elevators at country points, will content themselves with buying cheap when the existing elevators are full to the roof and the railways more or less incapacitated owing to the preposterous system of distributing cars now in force.

It should not be necessary, however, to argue in behalf of the proposition that, instead of impeding the railways and elevators, Parliament should give them all the fair play that is compatible with a decent regard for the well-being of the shipper who uses the loading platform. There is a want of respect in asking the House to do what is so obvious and pressing. I go on, then, without further preface, to point out briefly the evils existing in the old and those projected in the new Bill.

OBJECTIONABLE MODE OF DISTRIBUTING CARS.

The most important section of the present Act and of the new Bill, so far as the railways are concerned, is that providing for the distribution of cars after harvest. Substantially, it puts the elevator, from which 86½ per cent. of the export crop is shipped, on the same footing



is the loading platform, from which 13½ per cent. is shipped. This arrangement was devised for the benefit of the farmers who reside near the railway stations and can take full advantage of the platforms. As a rule, they were the first-comers, and it was natural their convenience should have been consulted in this way. The clause is not fair, however, to those settlers, and they now constitute the majority in nearly every district, who dwell too far back from the station to allow of their using the platform, and who must accordingly use the elevator whether they like it or not.

In Minnesota, where the State authorities have had an unrivalled experience of regulating the shipment of grain, a more equitable mode of distribution is in operation. When cars are scarce they are divided, one to each applicant, and the remainder "ratably in proportion to the amount of daily receipts to each shipper, or to the total amount of grain offered at such station;" that is, according to the requirements of elevator and platform in proportion to the quantity each has received or is likely to have ready for shipment; the former, serving the many, getting more; the latter, serving the few, getting fewer but still all they are fairly entitled to. The provision is contained in Section 2023 of the State Railway Laws. The farmer at the platform is allowed 36 hours in which to load. The distribution is attended to by the station agents.

To the railways this just mode of distribution means much, for while a car can be loaded through an elevator in 40 or 50 minutes, it frequently takes the farmer at a platform as many hours.

HOW IT MIGHT BE IMPROVED.

It was supposed that the distribution clause of the Manitoba Act would protect the farmer from the elevator man, more particularly by preventing the latter from making too great a "spread" between street and track or local and terminal prices. Yet in practice it has the opposite effect. For when he sees his elevator closed for repeated spells through lack of cars, whilst cars are lying idle at the platform, the owner or agent of the elevator feels warranted, when he starts buying again, in making an extra "spread" to recompense his loss. For the matter of that he feels justified all the time in making an inordinate spread since, as matters stand, he never can tell whether the wheat he buys is destined to reach Fort William and the East before navigation ends or whether he may not have to hold it till Spring. At the recent hearing at Ottawa, Mr. Nicholas Bawlf, on behalf of the Northern Elevator Co., offered to guarantee that there should not be a spread of more than three or four cents between street and track prices, provided cars were fairly distributed. The railways stand ready, so far as they are able, to implement that covenant, which they have embodied in the following suggested amendment:—

"On request to the Warehouse Commissioner by the Grain Growers in any district tributary to any railway station, the Warehouse Commissioner has authority to suspend that portion of the Grain Act relating to the distribution of cars at such station for any period so desired, and to authorize the railway to allot the surplus of cars supplied at that station to the elevators, after supplying at the loading platform the number of cars the loading platform will accommodate.

"During such suspension it is agreed between the elevator owners and the railway, that the elevator owners will buy all grain offered for sale on street, and will pay a price not more than 3 cents per bushel below the market or track price of grain on that day; in other words, the spread between street and track prices shall not exceed 3 cents per bushel, the elevator owners agreeing to open their books for the inspection of the railway's agent at all times, the latter to wire daily to the headquarters of the railway at Winnipeg, and to the office of the Warehouse Commissioner, the prices being paid for the different grades of wheat at his station, in order that this portion of the agreement may be strictly carried out."

This is practically introducing the local-option principle. If Parliament cannot see its way to adopting the Minnesota mode of distribution, let it, at any rate, this being a free country, allow the farmer to determine whether the existing method, which the new Bill does not materially alter, should not be suspended in his particular district whenever in his judgment the gravity of the occasion calls for it. The elevators are now constantly liable to be closed for want of cars while at the same time the railways are piling them up at the platforms, where for days at a stretch they are "stalled" as effectually as though caught in a snow storm. In the end, the heaviest part of the damage falls upon the grain-grower remote from the station who can least afford to suffer. It is difficult to estimate the total direct and indirect loss arising every year from this pernicious regulation, which, although local circumstances often vary, treats all districts alike with respect to distribution, everywhere injuring the many for the benefit of the few. The loss must amount to an enormous figure, and, of course, is bound to increase as the crop increases. In times past relief has been obtained locally through the suspension of the Act at the instance of the Grain Commissioner, and if Parliament will not any longer trust him or leave the matter to be determined in this and that zone by the Railway Board, why not let the settler be the local arbiter as here proposed?

OTHER LEGISLATION CREATING DELAYS.

For some time past the Canadian Pacific has been building freight cars of 20 and 10 tons' capacity expressly for the purpose of enabling it to carry outgoing wheat with greater expedition. The same plan has been adopted by other railways. The State Weighmaster of Minnesota says in his report for 1906 that whereas a few years ago "10,000 pounds was considered a large load, a car load of 100,000 pounds and over is now a common thing;" and goes on to give particulars of wheat cars on American roads carrying 140,000 pounds or over 2,300 bushel. The old 20-ton cars formerly in use on the Canadian Pacific in the West are being scrapped or else taken East for service on branch lines. The wheat car of today with us is the 30-ton one, capable of carrying up to 1,000 bushels. A train-load of such drawn by a powerful engine on a solid prairie road bed represents economical transportation in one of its most efficient forms.

The new Bill, however, would have the effect (Section 30) of reviving the use and prolonging the life of the 20-ton cars, which, aside from inferior capacity, cannot be hauled in company with the heavier cars without danger of breaking down. It would be well for all concerned that Parliament should make the 30-ton car the standard. It is now comparatively easy, it will become more so as population increases, for small farmers raising the same grade of wheat to "double up" and load a number of large cars between them. The saving in rolling stock is worth considering but the principal economy is to be found in the more rapid movement of the crop as a whole, which redounds to the advantage of all.

The new Bill (Section 31) provides that grain lines shall be painted in the inside of the cars to regulate loading. When cars are loaded to the extent of 10 per cent. beyond their carrying capacity a small charge, fixed in the railway tariff and filed with the Railway Commission, is exacted by the railways with the view of preventing reckless overloading with the attendant risk to life and property. The section in the new Bill protects the shipper from the penalty where he has observed the loading lines. But such lines are of little practical value, inasmuch as wheat and oats vary in weight from season to season according to the differing climatic conditions. Last year, when wheat was light in weight, the Canadian Pacific had to alter the load lines in some districts at the instance of the Grain Growers' Associations; while in 1906 cars loaded to the line with oats frequently broke down, from the fact that the oats that season weighed more per bushel than the calculated standard of 34 pounds. In Minnesota load lines are going out of use and uniform scales being erected at country points at the expense, in

most instances, of the country elevators, and supervised by State weigh-masters. This system protects all hands in the matter of loading as well as, speaking generally, in respect to dockages. Our method is not, strictly speaking, fair to either shipper or carrier, being crude and liable to result in wide divergences, with attendant disputes. In any event the Canadian railways should not be asked to paint load lines in foreign cars.

At Page 2, Subsection 4 of Section 9 of the new Bill it is provided that wheat billed to a public terminal elevator in the Manitoba inspection division must be cleaned and weighed before leaving it unless the shipper objects. As there is no machinery for promptly ascertaining the desire of the shipper, confusion and delay may ensue. This could be avoided by ordering that the grain should be cleaned and weighed unless the shipper declares in writing on the waybill that he does not wish it, or that the consignee notifies the carrier to that effect, say, twelve hours before the car reaches the inspecting terminal.

Section 29 provides that at a flag station or siding where grain is ordinarily shipped, the Grain Commissioner at Winnipeg may require the railway to keep an officer from September 15th to January 15th, to deal with applications for cars, etc. But if it can be shown that less than 50,000 bushels were shipped from the place in the previous year, a temporary agent need not be appointed. The object of the clause is apparently to ensure a supply of cars in sparsely settled districts where there is no elevator and but little grain raised. There is no need, however, of authorizing the Grain Commissioner to multiply railway officials in this fashion. The railways can maintain an efficient service without creating sinecures; besides, they are always on the alert for new traffic and may be trusted to appoint temporary as well as regular agents whenever and wherever they are required. The provision would sometimes be unfair to the wheat-grower, sometimes to the railway. Here is a flag station which did not ship 50,000 bushels in the previous year, or anything like it, because a hailstorm destroyed the crop, yet this year has 100,000 bushels on hand. Here is another in which the circumstances are reversed; it shipped 50,000 or more in the previous year, but has none worth speaking of this year. In these and kindred cases the railway is always a much better judge than the Commissioner of what should be done, and the appointment or non-appointment of temporary agents should be left entirely to it. It is well to remember, moreover, in considering flag-station requirements, that every additional loading platform serves, under the one-sided operation of the car-distribution clause, to diminish the supply which ought to go to important shipping centres.

WINNIPEG AS AN ORDER POINT.

In their pamphlet on the grain trade the Grain Growers' Associations recommend that the Provincial Governments should purchase the existing elevators or build new ones and go into the trade by making advances on stored wheat, an idea once entertained by the Populists of the United States. This project, which logically would land the Western Provinces in cattle-ranching, dairying and other branches of agriculture as important in their place and measure as raising wheat, is not likely to be favored by the Provincial Governments. Nor is Parliament likely to approve of the further recommendation that the Dominion Government should purchase and operate the terminal elevators. The proposal of the Associations that a sample market should be created at Winnipeg by the Provinces, or by the Provinces and Dominion combined, and that Winnipeg should be made an order point to that end, is, I venture to say, equally unsound. Minneapolis is a sample market because the conditions of trade have made it one, not because the State Legislature or Congress has so willed. The milling capacity there in 1907 was 86,000 barrels a day and the storage capacity 40,000,000 bushels. Comparatively few of the local millers possess inland elevators,

they and the millers from the surrounding country purchase almost altogether from sample. In other words, it is a natural sample market for millers and large wheat operators, some of whom own elevators where mis-grade wheat is mixed with inferior, not clandestinely, but as a legitimate business.

At Winnipeg, circumstances are altogether different. The millers all have inland elevators of their own, consequently there is no call for a sample market. The capacity of the Winnipeg mills is under 10,000 barrels a day. It is bound to grow, and grow fast, but at present, as said, the millers furnish their own wheat, and any shipped to be sold on sample would merely prove a bill of costs to the shipper, whilst the cars would help to block the yards and delay the progress of other people's grain to tide-water.

THE BUSINESS OF MIXING WHEAT.

Others maintain that Winnipeg should be made an order point to permit of the regular mixing of wheat, as at Minneapolis and Duluth. Hitherto the Grain Growers' Association have apparently been opposed to mixing. They wished at all hazards to preserve the identity of North-West grain, even, although this would be plainly impossible, the identity of each individual shipment. If Parliament is resolved to favor mixing as an industry, well and good; only I respectfully submit that it should frame the regulations in such a way as to interfere as little as possible with the swift eastward movement of the harvest. The great bulk of the crop is out of the farmer's possession by the time it reaches Winnipeg and belongs to dealers. To turn Winnipeg into an order point would therefore not be, as some imagine, a step altogether in his interest: he might profit in some degree from the mixing, but, on the other hand, would stand to lose from the congestion at the Winnipeg yards and the consequent delay to his own grain, which the measure would certainly involve unless great care was taken to prevent the abuse of the billing-to-order privilege.

The most convenient place for mixing would be Fort William or Port Arthur, but the Grain Growers' Associations appear to have settled on Winnipeg, where it has been carried on at two or three small houses for some time back. So long as the wheat area was confined to Southern Manitoba there was a general uniformity in the sample, but now there are regions, especially north of the Canadian Pacific main line, where, in the most favorable seasons, the best wheats exhibit a considerable deviation in color and texture from the standards. Much the same thing has occurred south of the international line. There, the farmers have to some extent given up their old wheats and taken to raising Blue Stem, a good milling wheat which grades up to No. 1 Northern (Duluth), and Macaroni or Durum wheat, the latter of which is particularly good for mixing with harder grains. These considerations aside, there is and always will be in the North-West a certain quantity of wheat which is mis-grade and can be turned to profitable account by the dealer through mixing it with inferior grades and thus bringing the latter up to a higher sample.

A DANGEROUS PROPOSITION.

Whether the establishment of order points for mixing or other purposes should not be left, according to the varying local circumstances, to the Railway Board rather than dealt with once for all by Parliament is a question worth discussing, but which may be passed over here. A proposal put on the notice paper in the Senate, but subsequently withdrawn, is likely to be reintroduced when the Bill comes before the House, and for this reason is entitled to some notice. In its Senate form it reads as follows:—

"1. Any person shipping one or more carloads of grain from any point West of Winnipeg to any point East of that city may notify in writing the Railway Company undertaking to transport such grain, that he

wishes them to detain such car or cars for twenty-four hours at Winnipeg. If one or more carloads of such grain is sold at Winnipeg by such person, the Railway Company at the request of such shipper or his agent shall deliver the same at any point in the Winnipeg yards of the Company within the said period of twenty-four hours, without any additional expense to said shipper, upon his paying at the regular rate for transportation to Winnipeg.

"2. If at the request of the shipper the car or cars containing such grain are detained at Winnipeg longer than twenty-four hours, he shall pay ordinary demurrage, but his rights under the preceding subsection shall not be otherwise affected.

"3. If the shipper does not dispose of the grain in Winnipeg the Company shall transport it to the terminal point to which it was originally shipped without any charge for transportation additional to that originally agreed upon."

This would obviously encourage the indiscriminate billing of wheat to Winnipeg, not for mixing, but for speculative purposes; and I need scarcely add that every delay of 24 or 48 hours thus caused would be a serious affair, not merely for the cars actually detained, but, owing to the blocking of the yards, for the entire rolling stock of the railways and the entire crop of the country. When Parliament ordered the inspection of grain at Winnipeg rather than at Fort William, it was arranged that no unnecessary delay should be entailed, a system being devised for ensuring the speedy sampling and grading of cars arriving after dark. It is just as imperative now, indeed more so inasmuch as the crop has greatly increased since then, that billing to Winnipeg should be carefully circumscribed and the practice limited to some specific purpose such as mixing or clearing and not left to the whim of the individual shipper, careless as to the evil effect on the general body.

At the present time grain from the West may be held over at Winnipeg for cleaning at the Crown, International or Northern elevators and reshipped to Fort William at the balance of the through rate plus one cent per 100 pounds for the switching or stop-over charge. The principle is identical with that in vogue for milling in transit. There is nothing to hinder its being extended to mixing at Winnipeg; in fact such mixing houses as are now established there already enjoy it. A clause like the following would therefore cover the ground amply:—

"Any grain which the owner may desire to ship to Winnipeg for treatment in a mixing or handling house may be so billed to Winnipeg and after such handling may be rebilled to Eastern terminals at balance of through rate from point of shipment, plus the established terminal charges as filed with the Railway Commission for the stop-off at Winnipeg."

It would be grossly unjust to compel the railways to hold over the cars and switch them in and out of the mixing elevators for nothing. Such charges are simply extra, though inadequate, compensation for extra service rendered. They are in force in the North West against the mills at Winnipeg, Keewatin and other points, which cheerfully pay this small toll for the convenience of having the wheat-cars placed at their door and the cars containing the flour produced therefrom conveyed to destination at the remaining proportion of the through rate. Further, they are recognised by the Railway Board and are in force throughout the Dominion at large, and, if upset in the North West, must be upset everywhere, to the injury of numerous industries now profiting by the system.

SUPERIOR ADVANTAGES ALREADY ENJOYED.

Mixing at Minneapolis is done chiefly by the millers before grinding, although, as has been said, it is also carried on there and at Duluth by dealers. But, and it is well to note this, mixing in transit on the through rate alone is not allowed at Minneapolis. That is to say, grain consigned to Minneapolis for mixing must, when reconsigned to Duluth for export, pay an additional charge of five cents per 100 pounds, or

five times more than is charged at Winnipeg, in excess of the through rate to Duluth. Nor is milling in transit at the through rate allowed in Minnesota. When flour produced at Minneapolis or elsewhere from wheat billed there for milling purposes is shipped East by way of Duluth, or South by way of Chicago, it is not carried on the balance of the through rate with a terminal charge of one cent per 100 pounds, as in the Canadian North-West, but has to pay the full tariff rate to all such points as if the wheat had originated in the first instance at Minneapolis.

The Canadian settler is thus considerably better off already as regards mixing at Winnipeg than the American settler as regards mixing at Minneapolis: so, too, the Canadian miller in regard to grinding in transit. What more can the Canadian railways do in justice to themselves? Why should they be forced to incur a further heavy loss?

CLEANING AT PUBLIC ELEVATORS.

On this point it seems to be the intention to substitute the following clause for Subsection 10 of Section 19 of the new Bill:—

"Every Public Terminal Warehouse in the Manitoba inspection division shall turn over all screenings or proceeds from the sale of same to the Government Warehouse Commissioner, or such other officer of the Government as the Minister may request, and the same shall be distributed by such officer among the owners of the grain that has been cleaned in the proportion to which they are entitled."

But surely Parliament should give the railway and other companies owning such elevators a reasonable sum for cleaning over and above that imposed for elevating, weighing and spotting, cleaning being a separate process. At the public elevators in Minnesota, which, though private property, are supervised by the State officials, a charge up to half a cent per bushel may be made for cleaning.

GENERAL CONCLUSIONS.

A good deal has been said here of what is done in Minnesota. This is because conditions in Minnesota are practically identical with those in the Canadian North-West, and because the law there has stood the test for twenty-five years without any very serious amendment. The State Grain Code was evolved from a multitude of ordinances passed during the conflict between Grangers and grain-buyers and the State Railway Code during that between Grangers and railways thirty odd years ago. The main features of both are protection for the farmer in the sale and justice to the railways and elevators in the handling of the crop during the vital two months from October to December. If this is deemed important in Minnesota, where aside from the immense demand for wheat at Minneapolis and for shipment to Chicago and other inland centres, the harvest lies comparatively close to Lake Superior, it is much more necessary in the Canadian North-West where the local milling demand is relatively small and Lake Superior twice as far away. I beg respectfully to repeat that unless the new Bill is amended as regards the distribution of cars, and unless the utmost care is taken to prevent blockades at Winnipeg from the abuse of the order-point privilege, enormous loss will be inflicted on the farming community this year and every year hereafter. For we all agree that, large as the present yield is, wheat-growing in the North-West is merely in its infancy and scarcely any limit can be assigned to its stupendous development in the near future.

With great respect,

WILLIAM WHYTE,

Second Vice-President,

Canadian Pacific Railway.

Winnipeg, June 22nd, 1908.

