

From Corn Laws to Wheat Board

Topics in Canadian Wheat Marketing 1821 – 1950

**Selected, transcribed and annotated
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The Corn Laws

“Sufficient protection to the English grower”¹ (April, 1821)

Two policies were considered especially influential in delaying the growth of wheat farming and marketing in Canada: protection on timber, which made that trade relatively more attractive than wheat, and Navigation Laws that required Colonial goods to be carried exclusively on British ships.

Mr. Ellice² rose to present a Petition from certain Merchants trading to Canada, to which he intreated the attention of the House. [...] The petitioners stated, they were exporters of British manufactures to the Colonies, in payment for which they had hitherto received large returns of timber; the export of manufactures having exceeded 700,000l. last year, the shipments of wood at the invoice price, 400,000l. As this trade would be diminished, by the measures now in contemplation to alter the duties, to one half its present amount, the Petitioners naturally looked for some other means by which the Colonists could pay for their supplies, and the only staple articles of produce, viz. – timber and grain, they trusted the House, acting on the same principles which had dictated the policy of diminishing the protection to the Timber Trade, would now renew the restrictions which existed on the importation of Colonial Corn. By the present law³ the importation was permitted when the average price amounted to 67s. but beyond the restriction of the law, the Colonists laboured under that of distance and seasons, and it often happened that the grain shipped on advice that the ports were open, arrived when the average had fallen under 67s. and were of course closed against its admission. This had actually been the case this year, and the greatest part of the last crop was now in the warehouses under lock, and the proprietors threatened with the loss of the whole amount, beyond the very serious one of the charges, exceeding 20s. per quarter. The situation of the colonists was one of peculiar difficulty – they were prevented by law from going to any other market –

¹ From TIMBER TRADE. (1821, April 17). *The London Morning Chronicle*, p. 1.

² In 1821, Edward “Bear” Ellice (1783 – 1863) was both a Member of Parliament for Coventry and a director of the Hudson’s Bay Company. He would play an instrumental part in the merging of the HBC with the North West Company later in the year.

³ “As many doubts have arisen as to the time and manner of ascertaining the average by which the importation of foreign corn for home consumption is permitted, it may be [a] matter of information to state, that agreeably with the 31st of the present King, [...] unless the average of the last six weeks shall be *at or above* 80s. per quarter (the price at which it was fixed by the Act passed last Sessions) no importation can be permitted, for home consumption, till after the 15th of August, should the average then amount as above stated. But, by the Act passed last Sessions, whenever the average price of wheat, computed as above stated, shall be *at or above* 67s. per quarter, corn, meal, or flour, the produce of the British Colonies in North America, may be imported free of any duty.” POSTSCRIPT. (1816, May 18). *Jackson’s Oxford Journal*, p. 3.

the navigation laws⁴ were rigidly enforced with respect to them; we compelled them to take all their supplies from, and to carry on all their commerce with this country exclusively, and yet we prevented them from sending their produce to the only market where it could find a demand. Such a state of things could not long endure – if we desired to retain possession of the Canadas, as a dependency of the British crown, some justice must be shewn to the inhabitants; and if we were to depart from the present rule of compensating restrictions by protection, some other regulations, in which there was more equity than the present system, must be adopted. He would not enter into the great question of our colonial policy, which probably in all points of view required, looking to recent alterations in the principles of trade, serious reconsideration⁵; but he hoped the present claim would be candidly considered with a disposition to relieve the pressing evil. The case could not excite any jealousy with the British Landowner; the quality of Canadian wheat was at least 10s. to 12s. inferior, the charges of freight, &c. were nearly 20s. more, and surely 30s. per quarter was a sufficient protection to the English grower, even supposing the quantity was of any importance, which hitherto it certainly had not been, and there could be no apprehension of any great increase for some years to come.

“The present distress of our agriculture”⁶ (November, 1821)

Competition from U.S. shipping and produce (which entered Lower Canada duty-free), combined with tariffs and restrictions on the export of Canadian grain to the United Kingdom, made the export of grain so challenging that in 1821, some Canadians found the best use for it was in the domestic production of alcohol.

We have received files of Quebec Papers to the 8th and Charleston to the 11th ult. The former are filled with accounts and complaints of the distress experienced by farmers in Upper Canada. Meetings continue to be holden to investigate its causes, and the general results seems to be an opinion, that it proceeds from the restrictions imposed in this country on the importation of grain and flour from our American

⁴ “Our Colonial and Navigation Laws [...] exclude all foreign vessels from the British Colonies.” Bathycles. (1805, Jan 4). Mr. Editor. *The London Morning Chronicle*, p. 3. “Their tendency was to injure commerce. For instance, coals – so necessary to our manufactures – might, but for the Navigation Laws, be brought to our ports at half their present price by Dutch or German vessels. The principle of the Navigation Laws was, that no produce should be imported into this country except in our own vessels, or in the vessels of that country to which the produce belonged.” Mr. A. Baring, presenting a petition from the Merchants of London, to the IMPERIAL PARLIAMENT. (1820, May 9). *The London Morning Chronicle*, p. 1.

⁵ “With respect to the commercial system, or indeed, to change the phrase for a more correct one, the anti-commercial system, the basis of those restrictions was not peculiar to this country – it was practiced by other manufacturing countries. The question of the Navigation Laws was a great exception to the general rule; the independence of the country was of more importance to it than its wealth, and therefore he was willing to sacrifice some wealth to promote independence. The Navigation Law and the Corn Bill might be necessary to that object.” Lord Milton, speaking in the IMPERIAL PARLIAMENT. (1820, May 9). *The London Morning Chronicle*, p. 1.

⁶ From LONDON. (1821, November 15). *The London Morning Post*, p. 3.

possessions. The idea that the Canadians can find a vent for their produce in the Southern parts of Europe, is negatived both by argument and by fact. By argument, because it is shown that distance and the closing up of navigation in winter, leave no possibility for the Canadian corn grower to compete with the advantages possessed by countries more favourably situated. And by fact, because it is ascertained that for a number of years there has not been one single shipment of grain made in Upper Canada for the south of Europe. The liberty of trading with the West Indies also appears to have been rendered nearly nugatory by the encouragement given to an indirect trade between those colonies and the United States⁷. The introduction of American produce into Lower Canada, without paying any duty, is also represented as highly detrimental to the prosperity of the Upper Province, and one of the evils arising from the general depression in the value of grain as an article of traffic, is stated to be the increase of distillation and of the consumption of spirits, which, it is justly observed, is “destructive alike to the morals and industry” of the people. On the 28th of September last, a meeting was held by the inhabitants of the county of Halton, in the Gore district of Upper Canada, to take all those important topics into consideration. The Chair was filled by James Crooks, Esq. M.P. and the following Resolutions were adopted:

1. That it is the opinion of this Meeting that the restrictions and regulations at present existing in Great Britain with respect to the importation of grain and flour from these Provinces are such as amount almost to a prohibition, and that to their operation is to be attributed in a great measure the present distress of our agriculture and commerce; and unless means be used for our speedy and effectual relief, the certain ruin and bankruptcy of the entire farming and commercial interests will ensue.

2. That although a nominal market for grain and flour, the produce of these Colonies, is supposed to exist in the southern parts of Europe, yet such are the systems pursued in those countries, and so great the disadvantages under which we labour from the competition and rivalry of other countries more favourably situated, and who from proximity of situation are in possession of greater facilities, that our efforts to obtain relief therefrom must be totally unavailing. So evident indeed are these advantages, that it is not known that a single shipment has been made to any of them the past or present years.

3. That notwithstanding the apparent advantages of a trade with the West Indies, it has been found on close inspection, and indeed from actual experience, that they are but few in number, and doubtful in effect. The indirect trade encouraged between them and the United States, under the authority of the Free Port Act, and the increased expense of bringing our produce to market, in consequence of our

⁷ “Mr. Bourne objected to the bill now in its last stage, as it went systematically to suspend the navigation laws. [...] The bill not only suspended these laws during war, but for ever, and suffered lumber and provisions to be imported to the West Indies, in American ships, to the prejudice and total exclusion of British vessels. This was cruelly unjust, and grossly improper; but it did not stop here, for it allowed the produce of the British islands to be brought home in American ships to all places in Europe, except Great Britain.” IMPERIAL PARLIAMENT. (1806, July 12). *The Caledonian Mercury*, p. 2.

remote situation, and the difficulties occasioned by the obstruction of our navigation in winter, render it impossible for us to enter those markets with any thing like a fair competition or reasonable chance of success.

4. That the interests of the two Provinces of Upper and Lower Canada are so mutually interwoven, that it were to be wished some measures could be devised (in concert) to remove existing obstacles, and facilitate new arrangements more likely to contribute to the general welfare.

5. That the existing regulations in Lower Canada, which admit the importation of American produce to be there consumed without any duty being imposed upon it, are directly in the face of that reciprocity which ought to exist between the two Provinces in their commercial intercourse with each other, as it not only tends to depress the price of Upper Canada produce, but renders nugatory the laws thereon existing for its protection.

6. That the want of an outlet for our grain, and the consequent depression of prices has an immediate tendency to encourage its conversion into spirits, the increasing consumption of which is destructive alike to the morals and industry of the inhabitants.

7. That a great proportion of the wants of the inhabitants of this country has been hitherto supplied from Great Britain, by way of barter; that such trade must entirely cease from the impossibility of making payments, unless our grain flour be admitted there for consumption.

8. That although our distresses have been progressive, yet their approach has been so steady and unremitted as to have overwhelmed the inhabitants with consequences the most ruinous, and with a rapidity which no caution or foresight could guard against. In these appalling circumstances we see but little prospect of relief, unless by a direct application by petition to the justice and generosity of his Majesty's Government and the Imperial Parliament.

“The present unsettled state”⁸ (August, 1823)

It was not uncommon for large quantities of Canadian wheat to be held ‘in bond’ until the price of wheat in England rose to the level that allowed it to be legally sold. At that time, a large amount of stored wheat would be released onto the market at once.

During the present unsettled state of the weather, it is impossible for the best informed persons to anticipate upon good grounds what will be the future price of agricultural produce. Should the season even yet prove favourable for the operations of the harvest, there is every probability of the average price of grain continuing at that exact price, which will prove most conducive to the interests of the corn growers, and at the same time encouraging to the Agriculture of our Colonial possessions. We do not speak lightly on this subject, for we are aware that his Majesty's Ministers

⁸ During the present. (1823, August 30). *The Royal Cornwall Gazette*, p. 3.

have been fully alive to the enquiries from all qualified quarters as to the effect likely to be produced on the markets from the addition of the present crops to the stock of wheat already on hand. The result of these enquiries is, that in the highest quarters there exists the full expectation, that towards the month of November, the price of wheat will nearly approach to seventy shillings, a price which while it affords the extent of remuneration to the British Farmer, recognised by the Corn Laws, will, at the same time, admit of the sale of the Canadian bonded wheat; and the introduction of this foreign corn, grown by British Colonists, will contribute to keeping down our markets, and exclude foreign grain from other quarters.

“The cause of its now being dear”⁹ (April, 1825)

William Cobbett points out the links between the price of wheat, the United Kingdom’s protectionist restrictions on the grain trade (particularly the Corn Laws) and its monetary policy in the aftermath of an expensive war.

The cry for an alteration in the Corn Bill, or rather, Law, is very loud; and except amongst the farmers and landlords, very general. All other classes are crying out for *cheap bread*; and, observe, cheap bread implies cheap meat. And it does seem monstrous, that the Government should be praised to the skies for its *liberal principles of commerce*; for its efforts to add to the quantity of exports by means of duties taken from imports, while it insists upon excluding food, which might be obtained at half our present prices.

But this is a view of the matter *wholly erroneous*: it contains *not one* correct idea. The corn is called *dear* because the price of it is higher than the price of corn abroad. We do not call any *other thing* dear on that account. Butter, cheese, glass, mustard, vinegar, tea, sugar, and many other things are higher priced here than they are abroad; and yet there is no new law called for with regard to them. *I am for open ports for corn*; but my reasons are altogether different from those of the persons who now cry so loudly for a new Corn Bill.

Before we call for cheap corn, there are some things for us to inquire into relative to *the cause of its now being dear*. It was not dear in 1822: it was then “*cheap*,” as it was called. Since that year the law has been new-modelled; the import price has been *lowered*; yet the corn is now called dear. The ports have been closed ever since the early part of 1819. They have been closed six years. And as corn has been quite cheap enough during a part of that period, why are we not to suppose, that it may get to be *cheap again*, without an alteration in the law? It would, I imagine, be very difficult for any of the cheap-corn people to answer this question; and, if they cannot answer it, upon what ground is it that they petition for an opening of the ports to foreign corn? Webb Hall thought, that the very smell of the *bonded* corn made the English corn “cheap.” But we have seen it become “*dear*,” in spite of that smell.

⁹ From Cobbett, W. (1825, April 30). CORN BILL. *Cobbett’s Weekly Political Register*, 5(45), 257-300. Written by William Cobbett (1763 – 1835).

The *cause* of the present high price cannot, then, have been produced by any thing that has been done relative to foreign corn; and, observe, unless these petitioners can make it out, and quite clearly too, that the present high price has been produced by the excluding of foreign corn, they must be silent on the present subject of their complaints. One would think, that there is before their eyes quite enough to convince any rational beings, that the high price of corn has not been produced by the cause against which they now petition. Mutton, beef, veal, pigs, horses, cows, sheep, lambs, underwood, timber, wool, have all become nearly double the price that they bore in 1822, when Sir Thomas Lethbridge¹⁰ put on his white hat. And we well know, that the ports have not been shut against these. They all keep pretty exact pace with the bushel of wheat; and yet, what has the *foreign market* to do with them? If men exercised, upon these subjects, their usual sense and reason, would not these notorious truths make them hesitate, before they ascribe the high price of corn to non-importation from abroad? Bread is truly enough called the staff of life; but, observe, its *amount* is small compared with that of meat, horses, butter, cheese, and wool. Why rest the complaint upon bread alone? Why not include all these articles? Why not, at any rate, endeavour to *show*, that it is the non-importation which has caused the high price even of corn alone? For, unless you can show that, on what ground can you demand an importation in the way of *relief*?

“If the “*dearth*,” as it is presumed to be, arose from short crops; if there were a *scarcity* of the article; then, indeed, it might be unnecessary to make further inquiry into *causes*, and men might reasonably call for aid from abroad. But there is no such scarcity. The crops have been fair average crops ever since the day when our Prime Minister¹¹ stated the evils of the country to have arisen out of “*surplus produce*.” This

¹⁰ Sir Thomas Lethbridge (1778 – 1849) supported the Corn Laws as Member of Parliament for Somersetshire. In 1822, he advocated for higher tariffs on imported grain. “The question was how far agriculture was menaced by the importation of foreign corn, in the event of the ports being thrown open, under the present law. [...] As the corn now in the warehouses must be admitted freely into consumption, at least when prices rose to eighty shillings, it was wise to allow it to be brought voluntarily into the market at a lower price, on payment of a duty. He now came to the question of the amount of duty. The Honourable Member for Somersetshire (Sir T. Lethbridge) had proposed a fixed duty of 40s., which he now was willing to reduce to 35s. per quarter. The Hon. Member might just as well have decided that no importation at all should take place (hear!) – except in the case of a very unnatural and forced price, when it was considered that the expences of importation were 10s. per quarter more.” The Marquess of Londonderry to the IMPERIAL PARLIAMENT. (1822, May 8). *The London Morning Chronicle*, p. 1.

¹¹ Actually a Mr. Western reporting on the distressed state of English agriculture: “He wished to trace the distress to its source. [...] The primary cause was a surplus produce, occasioned by our own growth. A very small surplus, or a deficit below the demand, would have the effect of altering the price. The circulating medium had a great effect, from its great extension, of forcing up the price of grain; consequently, from the lately apparent decline in the circulation of that medium, grain had felt its effects. [...] The effect of it had been to produce a glut in the market, and a surplus. On the fall of the price in 1813, the first effect was to produce alarm; the rejection of the Corn Bill in 1813 and 1814, still further increased the alarm and added to the deppressure. The farmer could not obtain relief, and he was forced into the market for money, but without effect. The object to which the House must direct their attention was to find a market for the surplus of the land.” Mr. Western to the HOUSE OF COMMONS. (1816, March 11). *The Hampshire Telegraph and Sussex Chronicle*, p. 3.

being undeniable, and the ports never having been open all the while, what ground can any one have to call now for importation of corn? At least, what ground can he have, unless upon a better showing of *causes* than any of the petitioners have yet attempted to produce?

The facts of the case are these:-

1. That the ports have been closed ever since 1819, inclusive.
2. That wheat was at 9*s.* 6*d.* a bushel in 1819.
3. That wheat was at 4*s.* a bushel in 1822.
4. That it is at 9*s.* 6*d.* a bushel in 1825.
5. In 1822, the country was in *deep distress*.
6. In 1825, the country is (to use Mr. Canning's phrase) "outgrown by *prosperity*."¹² [...]

Now, then, let us take the *true view* of the matter; let us see *what it is* that has raised the price of corn. Let us look at the *real cause* of this presumed *dearth*; and, then, we shall soon find, *that importation is not the remedy*; but, that importation unaccompanied with other, and *most important measures*, would plunge the country into distress far greater than that of 1822.

In order to open the way to the view that I am now about to take of the matter, it will be necessary to go back, and give a history of this Corn affair for twenty years past. The price of corn, owing, for a short time, partly to a *damaged crop*¹³, became very high in 1800 and 1801, when it rose, at one time, to about twenty shillings a bushel. Importation was, then, not only allowed, but it was accompanied with a *premium*.¹⁴ The *peace of Amiens*¹⁵ came just after this, and there came with it a

¹² George Canning (1770 – 1827) was leader of the House of Commons from 1822 to 1827, and briefly Prime Minister until his death. In a speech given at Liverpool in June of 1818, he said "that the war had had the effect of opening up unusual channels of commercial enterprise; that it had given a new and extraordinary stimulus to commercial activity and enterprise; that the war had created – I do not say a wholesome, I do not say a substantial, I do not say a permanent prosperity; but that it had created a prosperity peculiar to itself, and which atoned, in some measure, for its evils, and enabled the country, in some measure, to bear up against the difficulties incident to war". Walsh, R. (Ed.). (1836). *Select Speeches of the Right Honorable George Canning*. Philadelphia: Desilver, Thomas & Co.

¹³ "[G]reat quantities of corn were damaged by the rains, and in consequence thereof, furnished a deficient return on flour." LORDS' COMMITTEE. (1800, December 22). *The Caledonian Mercury*, p. 2. "[D]amaged flour and bread were sold at the price of the best, it is evident that a new temptation has arisen to encourage monopoly and the hoarding of grain." A LOVER OF JUSTICE. (1800, November 1). To the Printer of the Ipswich Journal. *The Ipswich Journal*, p. 4.

¹⁴ This would prove an expensive measure. One year after the passing of the Corn Bounty Declaration Act, the Chancellor of the Exchequer made "an observation on the bounties paid on the importation of corn. He had on a former evening stated the amount of those bounties to be only 700,000*l.* [...] Since that period many sums had been paid for corn bounties, and if he did not state an opinion as to the actual amount of those bounties at that present moment, he [...] was sorry to say he was afraid they would considerably exceed that sum." HOUSE OF COMMONS. (1801, December 2). *The Aberdeen Journal*, p. 2.

¹⁵ This treaty, signed on March 27, 1802, marked the end of the French Revolutionary Wars. Two clauses of the Treaty would have important impacts on Canada's economic history. Clause IV surrendered Trinidad to Spain. Experiments at Halifax, Nova Scotia with tar from Trinidad's pitch lake would inspire Abraham Gesner to develop kerosene in the 1840s. Clause XV would influence the development of Newfoundland's fisheries: "The fisheries on the Coasts of Newfoundland, and of the

*plentiful crop*¹⁶. Added to this crop was *a great drawing in of the paper-money*: so that, altogether, the price of corn was brought very low. [...] I beg the reader to mark this, there was of late years, *no law to prevent the importation of corn, until the year 1815*. The ports were always open; and, with these open ports, corn was always sufficiently high in price, not to *satisfy* the land-people (for it takes a great deal to do that), but to prevent them from *grumbling*; and that is as much as any reasonable man can ever hope to do. Yet, though the price of corn was generally very high, from 1795 to the beginning of the new war, nobody ever *complained* of it¹⁷. It was not looked upon as *an evil*¹⁸. Every thing was high in price, and corn went along with other things.

But, when the *next peace* came, the “wisdom of parliament” had added about *four hundred millions* more to what is called the *National Debt*; and, now it became necessary to make a formal *break*, or to *return to gold*. The law, as it then stood, compelled the mother Bank to pay in gold six months after the conclusion of the peace. This was not done. Acts were passed to give it time. But, it was necessary to *prepare* for the terrible duty; and this preparation threw the land-people into the utmost confusion. There must, however, be an open *bankruptcy*, or *gold*. Yet, this could not be without one of two things; *a sweeping away of a large part of the Debt*; or, the ruin of the land-people, who had done very well with *high taxes* and *high prices*, but who could not do with *high taxes* and *low prices*. The Government had not the courage to make an “*equitable adjustment*,”¹⁹ as it might have done then. Its supporters and its

adjacent islands, and in the Gulph of St. Laurence, are placed on the same footing as they were before the war.” DEFINITIVE TREATY OF PEACE. (1802, March 31). *The London Morning Chronicle*, p. 2.

¹⁶ “What cause have we for thankfulness to the God of Seasons. The weather is the most favourable that could be desired, and we have every prospect of an abundant crop. Little more than a twelvemonth has elapsed since France was exulting over our necessities, now France herself is the prey of famine, and her hopes of future plenty are blasted by the late inclement weather. The exportation of provisions is further prohibited till the 1st of January next; and their importation free of duty permitted till the same period.” DOMESTIC INTELLIGENCE. (1902, June 16). *Edinburgh Weekly Journal*, 233, 190. “Though there is every appearance in France of one of the most plentiful crops that ever was seen, the people are in great want of bread. The small loaf, which costs in times of plenty, two sols, is now six; a dreadful advance, where the price of labour does not bear a proportion to the value of grain. It is afflicting to see the crowds of poor that surround a coach in every town almost you pass through from Calais or Boulogne to Paris. One or two hundred voices exclaiming with one voice, *Charité pour l’amour de Dieu, Messieurs. Nous mourons de faim*. If you ask the natural question to them, why they do not work? they reply, *Il n’ya a point de travail*.” The new treaty. (1802, June 10). *The London Morning Post*, p. 3.

¹⁷ “On Wednesday last the Corporation of this City, in Common Council assembled, agreed to present a petition to his Majesty, praying him to convene his Parliament, for taking into consideration the present high price of corn and other necessary articles of life, and for adopting measures to reduce the same.” OXFORD. (1800, October 11). *Jackson’s Oxford Journal*, p. 3.

¹⁸ “The unanimity of Parliament, and the good understanding between Ministers and the leaders of Opposition, on the interesting subject of the high price of Corn, affords a reasonable hope that something will be done to alleviate an evil which presses so hard on every member of the Community; perhaps more severely those in the middling, than even in the lower class of society.” LONDON. (1795, November 14). *The Newcastle Weekly Courant*, p. 2.

¹⁹ Mr. Wodehouse “had been held up as the author of the very terms ‘equitable adjustment,’ but which was meant the adapting of the contracts which had been entered into during the time that the currency

hirelings talked as big as ever about its honour and its *good faith*; though it was by no means good faith to make the people pay back in hard money that which had been borrowed for them in paper. To avoid the performance of this sacred duty, the Government resorted to the miserable scheme of a *Corn Bill*; and, for the first time in many years, passed a law to prohibit the importation of corn, unless when corn in the country should be at a certain price. It was soon found that this measure was wholly unavailing, though it, doubtless, had *some* effect; but this was the first Corn Bill, brought in 1814 and passed in 1815²⁰.

In spite of this miserable attempt to prevent that *equitable adjustment*, such as bankrupts come to, and which is the only efficient remedy for want of means to pay in full; in spite of this, the Bank continued to prepare for gold payments, prices continued to decline, and by the latter end of the year 1816, the landlords and farmers were reduced to the utmost distress. They were in no distress so long as there were no preparations for paying in gold. Nothing could be more prosperous than their affairs; though, observe, the ports continued open for corn during the whole of the time, and, of course, there was no petitioning against Corn Bills. In the early part of 1817, the Government was exceedingly embarrassed; for, though the mother Bank was still protected against the demands of cash payments, she was still holding herself in a state of preparation to meet those payments as far as she could. The Government, in order to get rid of embarrassments for the moment, *caused a large issue of paper* in the spring and summer of 1817; and, the consequence of that was, great relief to the land-people, [and] very high prices in 1818, in spite of a crop finer than any the country had almost ever seen. The Corn Bill of 1815 remained in force; but so high were the prices, that early in 1819 the ports became open, and a large quantity of corn was introduced.

was high to that change which had been forced upon the currency. [...] In proof of the practicability of such a measure, he referred to an old Statute of Scotland, in which that principle had been declared, and upon an alteration being enacted in the value of the currency, the substance of contracts was ordered to be maintained. He also adverted to proceedings which took place at the French Revolution, when upon the depreciation of the *Assignats*, the National Convention passed a Decree, [...] ordering the liquidation of all debts according to the ratio of the depreciation, and the payment of all debts was settled upon those terms. Such an adjustment [...] would be more difficult in this country than in France and other nations, and the reason was, that our Government had adopted the unwise and unmanly course of denying or disguising the depreciation. [...] He instanced the case of the Jew who was prosecuted for charging more for a guinea than the law allowed, [...] to make the payment of rent in depreciated paper equivalent to the payment of rent in an enhanced metallic currency.” IMPERIAL PARLIAMENT. (1823, June 13). *The London Morning Chronicle*, p. 1.

²⁰ “Corn may at all times be imported into the United Kingdom, and Warehoused, and may be taken out of Warehouse for Home-Consumption, whenever Corn of a similar description may be imported. [...] Foreign Corn, Meal, or Flour, shall, and may be permitted to be imported into the said United Kingdom, for home consumption, [...] without payment of any duty whatever, whenever the average prices of the several sorts of British Corn [...] shall be at or above the prices hereafter mentioned. [Left blank in this abstract.] When British Corn is below the prices before mentioned, no Corn, to be imported or taken out of warehouses for home consumption.” THE CORN BILL. (1815, March 14). *The Hull Packet and East Riding Times*, p. 4. The Bill allowed for separate threshold prices for grain from British North America.

Now, however, in this memorable year, 1819, the year of the Manchester slaughter²¹, and the year of the Six Acts²², the same Parliament did, in its wisdom, resolve that it would once more return “*to the currency of our ancestors.*”²³ To foresee the consequences of this was by no means difficult. Payments in cash were to begin on the first of May 1823. Every thing prepared itself for an awful epoch. The paper grew less and less; the country banks grew less in number; rents fell, farmers broke, landlords sold their estates, heirs thought themselves fortunate not to have to pay more than they received; a whimpering began to be heard in 1819; in 1820, it became a cry; in 1821, a howl; in 1822, a yelling and a bellowing that frightened even Castlereagh, and seemed to make even our famous Prime Minister himself begin to think. Yet, observe, the ports were still closed; they had been firmly closed ever since the beginning of 1819. There was no petitioning against Corn Bills. The Corn Bill was in full vigour, and, since its enactment, wheat had fallen from 9*s.* 6*d.* to 4*s.* a bushel.

What was now to be done, then? Looking back to 1815, we find that a Corn Bill had been preferred to *equitable adjustment*. The Corn Bill, though it must have done *something*, had not saved the landlords one hour. It was the *paper-money* that was

²¹ The Peterloo Massacre of August 16, 1819, in which cavalry charged into a crowd of thousands protesting for Parliamentary reform, killing about a dozen protestors and injuring hundreds of others. The attack was allegedly largely unprovoked. “[A] large number of persons meet together openly, as by our Constitution they are allowed to do; they conduct themselves in an orderly manner, and profess an earnest desire to avoid any breach of the laws; a person addresses them without a seditious or exciting word; and – the civil Magistrate orders a body of cavalry to disperse them without a minute’s warning; in which act some persons are killed, and large numbers desperately wounded, by the swords and trampling of the military.” Yesterday evening. (1819, August 20). *The London Morning Chronicle*, p. 2.

²² Passed in reaction to the Peterloo Massacre, these Acts outlawed public meetings for the purpose of government reform. “Mr. Benbow then rose, and said that [...] twenty-three years ago, on this very ground, he, with others, had advocated the cause of the suffering people. Upon these occasions they had petitioned the House of Commons for a reform of parliament, and the answer had been the Manchester massacre. They had prayed the legislature to lighten their burdens, and the answer had been the suspension of the Habeas Corpus act. [...] They had asked for cheap bread, and the answer was the passing of the six acts, for the purposes of restraining their liberties and preventing their making their wants known to each other.” GREAT MEETING AT MANCHESTER ON THE FIELD OF PETERLOO. (1838, August 21). *The Freeman’s Journal*, p. 3. “One of [the Six Acts] declares, that if any man shall utter or publish any thing which has a *tendency* to bring Parliament into contempt, he shall be liable to fine and imprisonment for the first offence, and to transportation on its repetition.” NEWTON CONSERVATIVE DINNER. (1833, August 30). *The Liverpool Mercury*, p. 8.

²³ “[T]he Committee of 1819 had not reverted to the old standard, but had actually raised it, admitting their own principles. The former standard was the old gold coin worn to a certain extent, and protected from export by pains and penalties, which formed a protection, as the Bullion Committee of 1810 stated, of about 4*s.* per ounce, or nearly 5 per cent. Now, by repealing these penal laws and giving a new coin, the standard was actually and unintentionally raised near one shilling in the pound. [...] [T]he Bank had unintentionally and unnecessarily increased the pressure of the measure, by not adopting the plan of paying in bullion, rather than in coin, and by forcibly withdrawing, since last autumn, the whole of their small notes. True it was they had substituted gold, but that was not the same thing on prices; gold was liable to be hoarded, and he knew it actually was so, and that to a considerable extent. Compare the rapidity of the fall in prices since the Bank began to withdraw their small notes, and was there not reason to conclude a connection between them?” Mr. Alderman Heygate to the IMPERIAL PARLIAMENT. (1822, June 13). *The London Morning Chronicle*, p. 1.

wanted, and not a Corn Bill. The wheat had come to four shillings a bushel with a Corn Bill in force. Gold was not yet actually forthcoming. That was not to be the case for some months to come. Yet the yelling and howling was insupportable; and, if it had continued but a little longer, even the stoutest of the landed advocates for national faith would have ranged themselves under the banner of *equitable adjustment*. [...]

What was now to be done, then? We were now towards the close of the year 1822, and gold was actually to come out on the next month of May. A Corn Bill had been tried, and it had had very little effect. What, then, was to be done? Nothing upon the face of the earth but paper could give the system a reprieve. Under the name of a *Small-note Bill*²⁴, the paper was resorted to: not a paper of positive force; not a paper of nominal legal tender; but a paper virtually a legal tender, until a panic arose; and as effectual for the purpose of raising prices as if it had been a tender by law: a paper that people have every where a legal right to demand gold for; but a paper which not one man out of a thousand dares demand gold for; a paper which, more than a year ago, Peel's Bill would have made it unlawful to circulate; but a paper, the circulation of which is now authorized by a law which partially repealed that Bill.

Here, then, we have *the cause* of the present high price of corn, and of every thing else. The landlords and farmers are again jocund; they now pay again their high taxes without grudging, because they have high prices to pay them with. The fundholder, the dead-weight man, the long tribe of sinecure people, pensioners and placemen, receive one bushel of wheat from the land where they received two bushels in 1822. This is *equitable adjustment* in another form. In pounds, shillings, and pence, their receipt is the same; but in wheat and meat, it is only about half what it was in 1822. *How long this state of things can last*, is a question beside our present purpose. This has been the effect of the putting out of the paper; but, observe, this effect would now be to a certain degree counteracted by a repeal of the Corn Bill. The land-people thrive in consequence of the quantity of the paper, which gives them high price; but, if you open the ports, and thereby bring down the price of their corn, you take from them a part, and a pretty considerable part, of that which has been given them by the paper.

I may be asked why the absence of a Corn Bill should have this effect upon their prices now, when their prices continued to be so high before 1815, though there

²⁴ “[G]reat embarrassment had been brought on the public by the measures which Parliament had taken for restoring a metallic currency: but this embarrassment would be augmented, if, according to the existing law, all the notes of the country banks were to be drawn in by the year 1825, and coin substituted for them. It was evident that the public did not like gold as well as notes, the gold issued by the Bank having returned again into its coffers, and he saw no necessity for forcing gold upon the people against their taste. He intended, therefore, to propose that the term for the circulation of small notes by the country banks should be extended to the year 1833.” The Marquis of Londonderry to the HOUSE OF COMMONS. (1822, May 4). *The Leeds Mercury*, p. 2.

was no Corn Bill there in force. The difference is this; that then there was not only no gold in circulation; but there was no gold *demandable*. Paper was created at pleasure, almost without limit and without danger.

Mr. Huskisson's Bill²⁵ (May, 1825)

The Corn Laws allowed for grain to be constantly imported, but it had to be held as 'bonded corn' in warehouses until the average price of grain exceeded a certain threshold. Only at that point could it be sold. The result was that at times of rising grain prices, large accumulations of imported corn would hit the market at once, causing instability and a fall in prices. William Huskisson proposed amending the corn laws to make the release of bonded corn more gradual. His measure also lowered the tariff on grain imported from Canada, raising fears that United States wheat would be exported from Canadian ports under the guise of a Canadian product.

Mr. Huskisson²⁶ [...] brought forward his proposition on the subject of the Bonded Corn²⁷. He adverted to the reasons for this measure, [...] stating, generally, that it would have the double effect of relieving the parties which had so long had corn in bond, and of keeping down the prices which, otherwise, he had every reason to believe, would rise, previously to the harvest, to the *maximum* of 80s. and lead to the opening of the ports by the natural operation of the law. That would occasion the importation of the enormous quantities of corn now collected on the Continent; and, by such a vast influx, be productive of far more injury to our agricultural interests than could be caused by the introduction to the market of the foreign corn already bonded in this country. His plan is to allow such corn to be brought into the market, on the payment of a duty of ten shillings per quarter; but to be let into the market by monthly instalments of a third of the quantity possessed by each holder. The whole quantity bonded (about 400,000 bushels) will thus be allowed to be brought into the market in the course of three months. [...] The expediency of admitting into the market all wheat now bonded, after paying a duty of *ten shillings* the quarter, was sanctioned by the House. Mr. Huskisson afterwards proposed a fixed duty of 5s. the quarter on all Canada wheat imported into this country, as a measure of just encouragement to that portion of our Colonies; and it was adopted, after the expression of some fear that the United States might send their Corn through Canada to England.

²⁵ From CHIT-CHAT IN SOCIETY. (1825, May 7). *The Lancaster Gazette*, p. 2.

²⁶ William Huskison (1770 – 1830)

²⁷ Imported grain sitting in warehouses, waiting for the price of grain to be high enough to allow it to be sold legally.

A humble petition²⁸ (May, 1825)

The possibility of a tariff reduction on Canadian grain becoming a *de facto* tariff reduction on United States grain led to fears of a decline in British agriculture.

Your Petitioners are seriously alarmed at the proposition lately introduced into the Commons for letting out the Foreign Corn now under Bond in this Country, amounting to about 400,000 quarters for home consumption, upon the payment of a small duty, as a measure contrary to the letter of the Act of Parliament, passed in the year 1815, for regulating the introduction of Foreign Grain, the whole of which was imported under that enactment.

Your Petitioners beg most respectfully to represent [...] that a second infringement is about to be practised upon the English Grower, by the admission of Canadian wheat (with a chance of admitting American and European also, under the same head) at all times upon the payment of a low duty, as a measure likely to produce great frauds in its execution – deteriorate the Agricultural Labour of the country – diminish the annual produce of home raised grain to the consumer, and make this prosperous and increased population dependent upon Foreign Nations for their supply of human food, be their wants ever so pressing, or the price most exorbitant.

“A second and permanent blow”²⁹ (May, 1825)

I last week ventured to call to the attention of the Gentlemen, Clergy, Owners, and Occupiers of Land to the Warehouse Release Bill then pending in the Commons, and respectfully submitted the form of a petition against it, embracing two points lately mentioned in Parliament affecting British Agriculture, namely, the Bill for releasing 400,000 Quarters of Foreign Grain now in warehouse in this country, and a second for allowing Canadian wheat, at all times, into the Home Market, upon the payment of a low duty. During those destructive years of 1820, 1821, and 1822, it was generally stated that 50,000 quarters of free foreign grain, constantly in the hands of a few merchants in Mark-Lane³⁰, had a most powerful weight in depressing the English market: if that were really the case, (and I have not the least reason to doubt it,) how much more injurious must be the releasing of eight times that quantity (400,000 quarters³¹) upon the home market, contrary to the solemn engagements of Parliament entered into in the year 1815 with the importer, home grower, holder, and manufacturer of British grain? And also without any efficient cause being made out by the supporters of this ruinous measure of its absolute necessity for such an infringement.

²⁸ From Quilter, S. S. (1825, May 14). We have received. *The Ipswich Journal*, p. 2. Written by Samuel Sacker Quilter (d. 1833), then resident at Walton, Suffolk, England.

²⁹ Quilter, S. S. (1825, May 21). To the Editor of the Ipswich Journal. *The Ipswich Journal*, p. 2.

³⁰ The site of the Corn Exchange from 1787 to 1987.

³¹ A quantity equal to twenty weeks' consumption of London. -S.S.Q.

It has been urged (but without the least weight, I think, upon consideration) that the present prices were running so near to the importing ones, that little doubt remained of the ports being opened on the 15th day of August next, for free admission of foreign grain, but let it be observed how near to this importing price is, the highest weekly return of 69s. or the average 67s. per quarter. This difference of price would allow the buyers and sellers of British grain to adjust themselves to the average import price of no less sum than thirteen shillings per quarter upon the 15th day of August next, with a fair prospect of a harvest at the usual time and as far as can be judged at present, not a defective one. [...]

I contend it is impossible to colour this seeming act of kindness of the Importing Merchants without at the same time seeing that this regulation of foreign import (with every other for the last thirty years) has been done with their knowledge and general approbation, with a view to reduce the duty fixed in 1822 in favour of the wheat then under lock from 17s. to 10s. per quarter which would put about £140,000 into the pockets of the importers thereof, and ought not to be done without a strong case of the public necessity being fully ascertained, and not from the bare assertion of one or two Members in the Commons.

A second and permanent blow was inflicted on Friday last the 13th instant, by smuggling the Canadian Bill as a rider to the Warehouse Release Bill upon its third reading without giving sufficient time to the public to offer their sentiments against so destructive a measure. If the 50,000 quarters of free grain constantly hanging over a full stocked market (imported at one time in a few years) had so great an effect upon the home market, how much more injurious must be the annual import of double that quantity from Canada, America, or elsewhere under the Canadian Corn Bill?

“Altering the duty on Canadian Corn”³² (July, 1825)

In 1825, the duty on Canadian grain was reduced to 5 shillings per quarter, for a trial period of one year. The grain’s owners would have to make a legally binding oath that the grain was the product of British North America, prior to shipping it.

The Act for altering the duty on Canadian Corn, is limited to one year, and enacts as follows:- That for one year all prohibitions and restrictions on the importation of wheat, the produce of, and imported from the British possessions in America, and all duties payable on it under the Acts referred to in the former, are suspended, and that for one year, any wheat the produce of an imported from such possessions, shall and may be imported into the United Kingdom, whatever the average price of British Wheat may be, any thing in the said Acts or any of them to the contrary, notwithstanding; and the duty of 5s. per quarter, is imposed for the above period in lieu of all former duties.

Previous however to the shipment of such wheat, the owner or proprietor, must make oath, before the Collector or Comptroller of the port of shipment, that it was

³² From CORN LAWS. (1825, July 16). *The Royall Cornwall Gazette*, p. 4.

the produce of some British possession in America, naming the same; a copy of which deposition, signed by the Collector or Comptroller of the port, at which it was made shall be produced by the Master of the vessel importing the same, who shall further make oath before the Collector or Comptroller of the port of Importation, that the wheat is the same sworn to in the deposition produced.

“Trifling”³³ (March, 1827)

Despite this reduction in the Canadian tariff, the price of bread stayed high, propped up by high tariffs (and thought likely to become higher) on imported grain from elsewhere. The amount of Canadian grain shipped, even at the favorable rate, was not enough to afford relief.

The present price of Bread in Portsmouth is 1s. 3d. per gallon. Flour is 40s. or 42s. per sack, and Wheat about 50s. per quarter; consequently, if the proposed Resolutions of the House of Commons on the Corn Laws, were passed into a Law, the duty on Foreign Wheat would be 30s. per quarter, which, added to 38s., the price at which Continental Wheat can now be landed here, including cost, freight, and expenses, would make it 68s. It will therefore be seen that, at the present price of Bread, Flour, and Corn, the intended duty is prohibitory: to make it worth a Merchant’s trouble to import Wheat, the home price must be always about 15s. per load, the effect of which will be, under the present Resolutions, to establish the price of Bread at about, and not exceeding 1s. 5d. per gallon – never lower, unless there should be such an excess of production as would considerably depress the markets. No calculation is made respecting Canadian Wheat or Flour, which at all times may be imported at 5s. a quarter, as the quantity for some years can be but trifling.

“So many erroneous notions”³⁴ (July, 1825)

A number of writers, including that of the extract below, thought that high grain prices had a net negative effect on the United Kingdom and its people.

As the Bills for admitting the bonded Corn and Canadian Wheat have received the Royal Assent, it may appear superfluous to many of your readers, that any thing further should be said on the subject; but so many erroneous notions have been started on this measure that I think that I cannot forbear putting it in a light which I think will be satisfactory to some, however it may move the ire of interested individuals. [...] The Right. Hon. Mr. Huskisson represents the second commercial city in the world, surrounded by an immense manufacturing population; upon what principles are they to be compelled to eat oat cake and crowdy? I would say, rather let them have wheaten bread at a fair price, to the emolument of the agriculturalist.

³³ From The present price of bread. (1827, March 5). *Hampshire Telegraph and Naval Chronicle*, p. 4.

³⁴ From C. (1825, July 6). TO THE EDITOR OF THE BURY POST. *The Bury and Norwich Post*, p. 2.

A high price for grain is detrimental to every interest, and contrary to every sound principle of political economy. Ships, colonies, and commerce, have succeeded to the mania of war and glory; and it must be confessed that what men in handicraft trades can spare is spent in excisable commodities; to keep up the price of corn is therefore a direct tax upon the nation at large, as it diminishes the means of consumption.

“And what a sacrifice!”³⁵ (September, 1833)

Harriet Martineau published a number of “Illustrations of Political Economy” in the form of up-to-date Platonic dialogues. The one quoted below discusses the timber and grain trades of Canada.

In the following conversation between Mr. Serle, an American Missionary, and Mr. Carr, agent for the East India Company, with their wives, the mischief arising from the system pursued by the Company and by our government at home with respect to Canada are stated with great force. [...]

“In all the cases you have mentioned,” observed Mrs. Serle, “the restrictions have been imposed with a view to the welfare of the mother-country, and at the expense of the colony. Are there not cases of a reverse policy?”

“Many; but here, as in many cases, the reverse of wrong is not right. Whether it be attempted to enrich the parent at the expense of the child, or the child at the expense of the parent, a great folly is perpetrated, if, by letting both alone, they might enrich each other. Perhaps the most flagrant instance of this kind of impolicy is the management of the British timber trade. Your government, Mr. Carr, loads Norwegian timber with excessive duties, that the inferior timber of Canada may have the preference in the market. By this means, not only is Norway deprived of its just right of priority, and Britain of a useful customer, but Canada is tempted to neglect some very important processes of improvement for the sake of—“

“Of pushing the lumber trade,” interrupted Mr. Carr. “I am aware that the Canadians carry their felling, squaring, and floating of timber a great deal too far, to the injury of agriculture, and of the condition of the people in every way. I am aware that any depression of this artificial timber-trade, however felt by individuals, is a decided gain to the colony at large. Great Britain has, in that instance, made a sacrifice in a wrong place.”

“And what a sacrifice! If no partiality were shown, Great Britain might have unexceptionable timber from Norway, and from Canada a supply of the corn she so much needs, instead of the different wood, from the use of which her houses and her shipping are suffering. Let her still procure wood from her colony, which may serve the inferior purposes for which its texture fits it; but to refuse European timber, and persist in building frigates and dwelling-houses which shall hold out only half as long

³⁵ From Martineau, H. (1833, September 21). MISS MARTINEAU’S ILLUSTRATIONS OF POLITICAL ECONOMY. *The Leeds Mercury*, p. 7. Apart from the introductory paragraph, this passage was written by Harriet Martineau (1802 – 1876).

as they might last for the same money, – the people crying out all the while for Canadian wheat, – is a policy whose wisdom is past my comprehension.”

“Such is generally the result, it seems to me,” observed Mrs. Serle, “when one party is grasping, and a second self-denying, in order to exclude a third. The matter generally ends in the injury of all three. If they would only follow the old saying, ‘Live and let live,’ all would go well, – all would do best.”

“By mistake, no doubt”³⁶ (November, 1833)

Rumours and circumstantial evidence suggested Russia, a major grain exporter, was ready to start using tariff loopholes to ship ‘Canadian’ wheat.

A large house at Montreal, that of Messrs. Gates and Co.³⁷, have published a circular, dissuading their friends and customers in the United States, interested in the flour-trade, from sending them any further supplies, in consequence of the unlooked-for arrival of 40,000 bushels of wheat there, direct from Archangel³⁸, and the expectation of other cargoes on their voyage³⁹. Thus, it seems that large quantities of wheat are grown in Canada and sent to England, while not only is wheat of the United States sent to supply its place, and sometimes – *by mistake, no doubt* – marked as Canadian wheat, but the Russians, living almost at the extremity of the Northeast point of the globe, having heard what is going on at Montreal, are now beginning to transport thither their wheat that they may get for it Canadian produce. In this circuitous operation, it is supposed that the Russian gets the freight of the long voyage. The Canadian miller gets his toll, and then a British merchant brings over the flour to England as Colonial produce!

³⁶ From Agricultural and Commercial Herald. (1833, November 13). *The Bury and Norwich Post*, p. 4.

³⁷ Probably H. Gates & Co, notable for briefly being part-owners of the Bank of Canada (not that one). “In 1818 the Bank of Canada was started by a few wealthy individuals, who were dissatisfied with the directorship of the Bank of Montreal. [...] There was not room for two banks, however, and the influence of its rival was too powerful, so it died in a few years, and fell into the hands of two firms – H. Gates & Co. and Wm. Peddie & Co., who wound up its affairs without any loss to the stockholders.” Borthwick, J. D. (1892). *History and Biographical Gazetteer of Montreal to the Year 1892*. Montreal: John Lovell & Son.

³⁸ Arkhangelsk, Russia, which historically was an important seaport.

³⁹ “8,000 quarters of wheat have actually been sent from Archangel, in Russia, to Montreal, in Canada, where corn is always dog-cheap. This wheat, which imported here direct from the former place, would be taxed at the rate of 33s. per quarter, will, it appears, be subject in Canada to only a trifling duty. When there it may, at the expense probably of a custom-house oath, be reshipped as Canadian corn, and imported at London under a duty of 5s.; or it may be consumed at Montreal, and set free an equal quantity of Canadian wheat for exportation. The transaction is at once curious and instructive.” We lately adverted. (1833, November 16). *The London Guardian*, p. 3.

A draft bill “to preserve the home market”⁴⁰ (February, 1843)

In 1843, it was proposed that Canada should start taxing any foreign wheat entering its borders at a rate of 3 shillings per quarter. In return, the United Kingdom would remove all duties on Canadian wheat. The idea was that the 3 shilling tariff would be enough to dissuade United States grain growers from passing their grain off as Canadian, and so Canada could see its duties removed without fear of helping non-British farmers.

Whereas the free introduction of wheat and wheat flour into the United Kingdom of Great Britain and Ireland from [Canada], would, by affording a market for these articles at all times certain and available, promote essentially the agricultural and commercial interests of Canada; and whereas foreign wheat is at present admitted free of duty into Canada; and whereas the intention of the laws of the United Kingdom aforesaid, is to preserve the home market for her Majesty’s subjects, by certain restrictions and imposition of duties; and whereas the introduction of foreign wheat into the United Kingdom, free of duty, after the introduction of the same into Canada free of duty, would be in manifest violation of the said intention of the laws of the United Kingdom; and whereas the chief objection to the free admission of wheat and wheat flour into the said United Kingdom from Canada, arises from the free admission of foreign wheat into Canada; and whereas a certain despatch addressed to the governor of [Canada], by her Majesty’s Secretary of State for the Colonies, dated the 2d day of March last, [...] affords the strongest ground for the confident belief and expectation that upon the imposition of a duty upon foreign wheat imported into [Canada], her Majesty will be graciously pleased to recommend to Parliament the removal or reduction of the duties on wheat and flour imported into the said United Kingdom from Canada; be it, therefore, enacted [...] that from and after the 5th of July next, there shall be raised, levied, collected, and paid to her Majesty, [...] upon all wheat imported into [Canada], except from the said United Kingdom, or any of her Majesty’s possessions, and being the growth and produce thereof, a duty of 3s. sterling money of Great Britain for each imperial quarter of such wheat, and so in proportion for any greater or less quantity thereof.

“Very little wheat can be imported”⁴¹ (February, 1843)

Due in part to large transportation costs, tariffs were unusually effective at discouraging exports of grain from Canada to the United Kingdom.

The *Kingston Chronicle* gave the following extract from Lord STANLEY⁴²’s letter of the 2d March, on which the bill is founded:-

⁴⁰ From BILL. (1843, February 1). *The London Morning Chronicle*, p. 3.

⁴¹ From We yesterday reprinted. (1843, February 2). *The London Morning Chronicle*, p. 2.

⁴² Frederick Stanley (1841 – 1908), Earl of Derby, would be Governor General of Canada from 1888 to 1893.

“By the law as it has hitherto stood, Canadian wheat and wheat flour have been admissible into Great Britain at a rate of duty estimated at 5s. per quarter until the price in the English market reached 70s., at which amount the duty fell to 6d. By the bill which is now before Parliament, a duty of 5s. is leviable only while the price is below 55s., and at 58s. falls to 1s. only. But in addition to this reduction in the amount of price at which the lower duty becomes payable, it is proposed to take off the restriction which has hitherto been imposed upon the importation of Canadian flour into Ireland, and thus to open a new market to that which may justly be considered as one of the manufactures of Canada.”

The bill in question was introduced into the Canadian Parliament in October last with a knowledge that Sir ROBERT PEEL⁴³'s Corn Act of last session was then the law of this country. The imposition of three shillings a quarter on wheat imported into Canada had, therefore, reference to a *removal or reduction* of the duty imposed on Canadian wheat by Sir ROBERT PEEL's act, which Lord STANLEY's despatch had promised. A bill must, therefore, be introduced this session into the Imperial Parliament to remove or reduce the duty on wheat and wheat flour imported from Canada from and after the 5th day of July, 1843, when the duty on wheat and wheat flour imported into Canada commences.

So much for the pledge given by Lord STANLEY to the Canadians. All our regret is that, from the great expense of conveyance from Canada to this country, very little wheat can be imported. Were wheat allowed to come direct from the United States to England, at a small fixed duty, a considerable importation might possibly take place, because the freight from New York would be under ten shillings a quarter, perhaps eight shillings; whereas the freight from Upper Canada is very much higher. [...] Lord MOUNTCASHEL⁴⁴ gave the following account of the freights from Upper Canada. His lordship said – “He would show, by a table of rates, duties and freights, which he had received from Mr. MONTGOMERY MARTIN⁴⁵, and which (he stated) he might rely on, that it was impossible corn or flour could be imported into England.” His lordship then went into an enumeration of the charges for the carriage of wheat, &c., from Hamilton, in Upper Canada, to Montreal, the nearest port of exportation, which it appeared amounted to 13s. 2d. a quarter, and the freight from that to London amounted to 13s., which would be a protection in favor of Irish wheat of £1 6s. 2d. a quarter. His lordship added, that the charges from Chillicothe⁴⁶, in the state of Ohio, to Hamilton, would amount to 16s. 8d., which would give them a protection of £2 2s. 10d. “With such a protecting duty,” he observed, “they need not fear being swamped by American corn.” His lordship's figures are evidently too high, but even 17s. or 18s. would prevent much importation from Canada.

⁴³ Sir Robert Peel (1788 – 1850), Prime Minister of the United Kingdom from 1834-1835 and 1841-1846.

⁴⁴ Stephen Moore (1792-1883), 4th Earl Mount Cashell. Though born in Ireland, he spent most of his life in Canada.

⁴⁵ Robert Montgomery Martin (1801 – 1868), who a few years later (1844 – 1845) would serve as Colonial Treasurer to Hong Kong. He was a founder of the Statistical Society of London.

⁴⁶ Chillicothe was the first capital of Ohio.

“Britain would be flooded with American grain”⁴⁷ (April, 1842)

Sir Robert Peel believed the bill would facilitate grain smuggling.

Sir Robert Peel [...] stated that not the slightest objection would be made to the free admission of *Canadian grain*, but that if that were sanctioned, Great Britain would be flooded with American grain sent through Canada without duty. He intimated that if the Canadians would place a duty upon American Wheat their own would be admitted either duty free, or at a nominal fixed duty.

“Our ports will be thrown open”⁴⁸ (November, 1842)

Canadian legislators understood the change in tariffs as a *quid pro quo*: they would tax United States wheat at three shillings a quarter, and in exchange the United Kingdom would allow Canadian wheat in, duty-free. This article quotes the despatch from Lord Stanley which first suggested this.

From the Montreal papers of the 12th ult. We learn, that a bill had passed the legislative council for levying a duty of 3s. per quarter on foreign wheat. [...] Most of our readers are, no doubt, aware that by Sir Robert Peel’s corn bill, a duty of 5s. per quarter is levied on all Canadian wheat imported into this country, while the average is below 5s. This duty was always understood to be chiefly for the purpose of excluding the produce of the United States, which, it was said, would be brought through Canada in immense quantities, were the duty merely nominal. It now appears, however, from the interpretation placed upon a certain despatch of Lord Stanley by the legislative council, that the result of their imposing a fixed duty of 3s. on foreign wheat will be, that our ports will be thrown open to the free admission of the wheat and wheat flour of the United States, provided only that such produce is brought through Canada. [...] For our own part, we must confess, that the [relevant] passage in Lord Stanley’s despatch of March 2nd [...] has so much diplomatic ambiguity about it, that, should his lordship find the interpretation put upon his words by the Canadians likely to do more harm than good to government, he will find no difficulty in giving it a different meaning.

The following is the passage in question. After alluding to the difficulty of admitting Canadian wheat at a nominal duty on account of the geographical position of that colony, and its proximity to the grain-producing states of the American republic, Lord Stanley says-

“It is true that the imperial parliament, at the time that they admitted Canadian produce at a nominal duty, might constitutionally have imposed a corresponding duty upon the import of American wheat into Canada, and might thus

⁴⁷ From ENGLISH CORN LAWS. (1842, April 13). *The Detroit Daily Free Press*, p. 2.

⁴⁸ From A FIXED DUTY OF THREE SHILLINGS ON AMERICAN WHEAT. (1842, November 2). *The London Guardian*, p. 2.

have placed a check upon the undue influx of foreign under the name of Canadian produce; but whatever might be view taken by her majesty's government, under a different state of circumstances, in which a tax imposed by colonial authority, and of course receivable into the colonial treasury, upon what imported from the United States, might secure the agriculturalists of England against the competition of foreign growers, *they* have been unwilling to impose such a tax by the authority of parliament, upon a raw article which might be required for home consumption in Canada, and, *in the absence of such a tax*, have felt it impossible to propose to parliament a further reduction than that which they have submitted in favour of wheat and wheat flour, shipped from the ports of Canada."

It will be seen, that, in all this, there is nothing definite. The tax to be "imposed by colonial authority," to which he alludes, can hardly have been one of 3s. per quarter, because so moderate a duty would not "secure the agriculturalists of England against the competition of foreign growers".

The death rattle of the Canadian timber trade⁴⁹ (April, 1842)

It was widely considered that the profitability of the Canada – United Kingdom timber trade was a barrier to the development of Canada's wheat marketing. The timber trade was profitable largely due to high tariffs on foreign timber, which excluded Baltic timber from competing with the Canadian article, despite a small tariff charged on the later. In 1842, Peel's government lowered both tariffs.

Upon the foreign timber Sir Robert proposes that the duty should be reduced in the year 1842 to 1843 from 55s per load, the present duty upon square timber, to 30s, and upon deals to 35s per cubic foot, and lathwood, 20s; and in the year 1843 to 1844, to 25s, 39s, and 20s, respectively. Upon Canadian timber a corresponding reduction will be made from 10s, the present duty, to 1s upon square timber, and 2s on deals and lathwood.

"A change in the sources of supply"⁵⁰ (March, 1842)

Even a small change in tariffs would be enough to reduce Canada's timber trade.

The circumstances under which timber is produced in the Canadas and in New Brunswick go to show that the removal of the smallest protection would create a change in the sources of supply. [...]

Timber is brought to the shipping ports at different distances, and therefore at different costs of production, varying by gradual steps from a cost price that can just be afforded to one which leaves something over and above the ordinary profits, and therefore yields a monopoly profit in the nature of rent. A comparison between New

⁴⁹ From HIGHLY IMPORTANT. (1842, April 22). *The Charleston Mercury*, p. 2.

⁵⁰ From THE TIMBER DUTIES. (1842, March 18). *The Liverpool Mercury*, p. 8.

Brunswick and Canada will illustrate our meaning. New Brunswick is nearer the English market than Canada, and freights are consequently some shillings lower. Writing at a distance from home, we cannot refer to figures, but it is at least 4s. or 5s. Now, this is an extra profit enjoyed by New Brunswick, and might be extinguished without destroying the trade. But in cases of the more distant localities, which now furnish part of the supply, and which are only just remunerated at present prices, the smallest removal of protection will destroy their remuneration. Supposing the degrees to be extremely small, the loss of 1s. protection would throw the most distant localities out of the trade; the loss of 2s. the next distant locality, and so on until the removal of the whole 16s. embraced by Sir Robert Peel's plan, would have a very considerable effect.

If this view be correct, we shall no longer receive 570,000 loads of square timber from Canada, and only 180,000 from the North of Europe; but a considerable portion of the former trade will be transferred to the last named countries. [...] In the year 1843-4, the argument will be greatly strengthened. In some cases there will be a removal of protection to the extent of 21s. per load. [...]

Sir Robert was anxious to conciliate the people of Canada. The people of Canada care little about the timber trade; and we believe those connected with agriculture are opposed to it, as causing a diversion of capital from that more wholesome branch of industry. The class in Canada, and connected therewith, who will object to Sir Robert Peel's scheme, will be those persons who are exclusively engaged in the timber trade.

“Forced to do her soil and climate justice”⁵¹ (June, 1842)

Though not directly related to the Corn Laws, it is important to understand just how strong an impact this change in duties had on a trade that was considered for many years to be the most profitable use of Canadian capital and labour.

Canadians now tell us that they cannot carry on competition with the Baltic under the new tariff; [...] there will be a great transfer of trade to the Baltic, and while the people of this country get their timber cheaper and better, and the revenue is improved instead of injured, Canada will be forced to do her soil and climate justice, and become an agricultural country. [...]

The case of the timber trade may be thus stated. Most of the countries in the North of Europe produce timber, for which there is a great and increasing demand in this country: our colonies in America produce nearly similar timber. But the colonies in question being farther from England than the countries of the Baltic, the expense of transport is much greater from the former than the latter, so that even at an equal cost of production, and equal quality, Canada would be shut out of the British market were she not favoured by what is called “protection.” This was effected by a decided discrimination of duties, as follows:-

⁵¹ From THE TARIFF.-THE TIMBER DUTIES. (1842, June 7). *The Liverpool Mercury*, p. 8

	From Canada.	From Europe.
Square timber	10s.	55s. per load
Deals	40s.	£19 “

This protection, although apparently enormous, is not sufficient to give our North American provinces the monopoly, for as the Baltic timber is much cheaper, and as, from its superior quality, people will buy it even at a higher price, the Baltic still supplies a considerable portion of the demand.

The article in which competition is most conspicuous is red pine. The price of American red pine was, last week, from 1s. 5d. to 1s. 8d. per foot, that is, averaging 1s. 6½d., or £3 17s. 1d. per load. The price of Memel and Danzig was, at the same time, 1s. 11d. to 2s. 6d., or 2s. 2½d. per foot, or £5 10s. 5d. per load. It has been urged that Canadian red pine is as good as Memel or Danzig. Why, then, do not the cunning buyers give as much for one as the other? Why do they give 65 per cent. more for the wood of the Baltic, than for that of the St. Lawrence? Is not the answer obvious? – Because they esteem it better by the difference. In other words, the men who give £5 10s. 5d. for a load of timber, when they might get timber, said to be similar, for £3 17s. 1d., must believe that Baltic timber is nearly 60 per cent. better than American. They may not be exactly right to a fraction, but the prices indicate the average state of opinion between buyers and sellers, and all cannot be equally wrong in the same direction; and it is probable that one error rectifies another, and that the difference of price which men consent to give, is as nearly as possible the measure of the difference of value. [...]

The consumption of colonial timber, at least of such as Baltic timber of a similar kind enters into competition with, is thus confined to those who cannot afford to pay £5 10s. per load for an even better article, but whose limited means compel them to put up with bad timber, because they can get it for £3 17s. per load. [...] If consumers now buy Baltic timber to a considerable extent, though it is 33s. per load dearer than American, will they not buy it to a far greater extent when reduced to only 17s. dearer? We grant that lowness of price is so important, that some will be found willing still to put up with inferior timber, because it is 17s. cheaper, but the number will be smaller than those who are influenced by the larger difference of 33s., and there are some who think that none will be found to take Canadian red pine on those terms⁵².

⁵² “We shall take leave to assume that the British American timber trade has received, at the hands of the party by which it has been so long fostered, its death-blow; and this point being once gained by the people of this country, never again can the monstrous abuse be restored. [...] Our impression is, that the only effect of the loss of the timber trade upon our colonies will be to impart great activity to other branches of industry, especially agriculture.” THE TIMBER DUTIES – THE CASE OF THE COLONIES. (1842, July 1). *The Liverpool Mercury*, p. 6.

“Canadians cannot afford to enter our markets”⁵³ (May, 1843)

Transportation costs remained an important barrier to trans-Atlantic trade in wheat. This article provides an unusually detailed account of them.

For some twelve years past, wheat from the U. States has been admitted into Canada free of duty, and the flour manufactured from it has been admitted into England upon the payment of duties ranging from 14 cents to 72 cents per barrel. The latter duty is levied when the average price of English wheat is at or below \$1,31 per bushel of 60 lbs., and the smallest when it is at or below \$1,40 per bushel, with intermediate gradations between those extremes.

During the twelve years' existence of this law so very favorable for the introduction of United States wheat into Canada, quite two thirds of the time the Canadians have been unable to purchase wheat in our markets, the low prices in England preventing any prospect of profits, and the Canadian wheat crops being more than adequate to the home consumption of the Province. Last year the Canadian purchases in the United States resulted in ruinous losses, and made bankrupt a number of those heavily engaged in this branch of American trade. In 1835 and '36 upwards of one million of bushels of wheat were purchased in Canada and brought from there by the millers in the United States; notwithstanding our high tariff on breadstuffs. Whilst the production of grain in Lower Canada has attracted less attention yearly, its increased production in Upper Canada has more than met the home demand, and left there a large surplus for shipment to England, and this winter 60 to 65 cents per bushel has been the price at the leading mills in Canada, with free surplus from the farmers.

So profitless have been the results of shipments of Canadian grain and flour to England, that for many years past many of the staunchest and wealthiest of the Canadian houses have kept aloof from the trade, leaving its pursuit to the more speculative and generally less wealthy merchant.

The British ministry now propose levying a duty of three shillings sterling per Imperial quarter on wheat imported into Canada from the United States, which is equivalent to 7¾ cents per bushel of 60 lbs., and the Canadian flour manufactured from it to be admitted free of duty, or [subject to a duty] so trifling as not to be worth noticing. Flour from the United States is to pay a duty of 44c. per barrel, but it cannot be imported into England from there at a less duty than if shipped direct from any port in the U. States.

So far as American wheat is concerned, it will be observed that the only change in duties is, that heretofore a barrel of Canadian flour paid a duty ranging from 14 to 72 cents, and it will now pay a duty of 35 cents if the miller makes his barrel of flour out of 4½ bushels of wheat. This is an advantage to wheat when wanted for the Canada market, but it is more than counterbalanced to the American miller and flour dealer by the imposition of the duty on flour imported from the United States.

⁵³ From THE WHEAT TRADE WITH CANADA. (1843, May 3). *The Buffalo Weekly Economist*, p. 1.

The object of the British ministry is evident on the face of the measure. It is to promote the emigration of English farmers to Canada, where as good wheat lands exist as in any part of the world – to give protection to the Canadian millers – to provide employment for British shipping connected with Canada, recently deprived by their imperial tariff of the lumber trade⁵⁴ – and in times of scarcity in breadstuffs in England, to give their own subjects a pre-eminent advantage over foreigners in operating under a fixed duty whilst others have the hazard of the sliding scale of duties.

As the farming interest and millers on the American side of the northern lakes are parties directly interested in the proposed change of duties, it may be prudent to examine into the prospect of any change in the prices here consequent upon a Canadian demand arising from the alteration in duties. To do this, it will be necessary to ascertain at what price a Canadian miller must sell his flour at in Montreal, purchasing his wheat here.

One bushel of wheat at Cleveland	\$0.625
Commission for purchasing and shipping	0.01
To cover loss in difference of exchange between Montreal and New York, and interest from the time of purchasing the wheat until the sale of flour - say 2½ per cent. and 1 per cent.	0.025
Lake freight to a port on Ontario	0.10
Marine Insurance on both Lakes	0.01
Canadian duty per bushel	<u>0.08</u>
Cost at the mill	<u><u>\$0.85</u></u>

Allowing 5 bushels of wheat to the bbl. of flour, the cost is	\$4.25
Freight from the mill to Kingston, per bbl.	0.10
From Kingston to Montreal	0.40
River Marine Insurance	0.02
Storage, cooperage and inspection at Montreal	0.08
Ninety days credit to purchaser	0.08
Commission and guarantee 5 per cent on site at \$5,25	<u>0.26</u>
	<u><u>\$5.19</u></u>

It is thus made evident by figures which cannot be disputed that at the low price of 62½ cents per bushel for wheat here, the Canadian must get \$5.19 per barrel for his flour to yield him the ordinary milling profit as a mere manufacturer of flour, allowing him nothing extra for his hazard as a speculator in buying his wheat in a foreign market subject to losses incidental to agencies and transportation – those who

⁵⁴ By the fall in the tariff charged to Baltic timber, starting in 1842.

have had much experience in the trade know that a fair margin should be left for these contingencies.

The cost of transportation on a barrel of flour from Montreal to England and the expenses of selling it there, is known by ample experience to average \$1,50 per barrel, which added to \$5,19, the selling price, makes \$6,69. A sale of the flour, therefore, in England at 30 shillings per barrel would only leave the Montreal shipper, as a profit, the current difference in exchange between Montreal and London, say seven per cent. on \$5,19, which would be 35 cents a barrel profit. Any person having experience in the trade will readily admit that 35 cents margin is not sufficient when flour is up to 30 shillings per barrel. It will not cover the hazards of a decline in the present appearance of the English market.

It should be borne in mind that the Canadian crop is deemed fully equal to their own wants until another harvest, and that an importation of American wheat prior to the duty being levied must, if manufactured afterwards into flour for England, go there under the old duties on Canadian productions – the declarations of the English minority show that the Law will be very strict on this subject.

From the preceding statement compared with advice from the best informed Canadian houses, it is apparent that the Canadians cannot afford to enter our markets unless there should be some change in prices in England, and the advises from there up to the 7th of March all concur in representing a depressed state of the flour trade, a steady fall in prices, abundant stocks, and the grain on the ground looking unusually thriving and promising, owing to the mildness of their winter.

“A fair compensation”⁵⁵ (May, 1843)

The three-shilling duty on U.S. grain may not *reduce* shipments into Canada by much, but at the very least they would not *increase* them.

If we are to look to emigration as any remedy to the existing embarrassments of this country, the fertile corn districts of Upper Canada hold out the best prospects of successful colonization; and it, therefore, becomes of great importance to give every possible encouragement to the agriculture of that province – thus holding out a powerful inducement to such of our countrymen as may emigrate, to settle in British possessions, rather than to become denizens of the United States.

We may be told that all this is admitted by those who oppose Lord Stanley’s proposal⁵⁶, on the ground that it will affect the interests of British agriculture. Many

⁵⁵ From THE CANADA CORN BILL. (1843, May 22). *The London Standard*, p. 2.

⁵⁶ “The alteration proposed by Lord Stanley’s Bill may be stated in a few words. By the present law American wheat may be imported into Canada, *duty free*, and being ground into flour, may be thence imported into this country at a duty varying from 5s. to 1s., according as the price of corn varies from 55s. to 58s. per quarter. By the new measure it is proposed that American wheat shall be subjected to a duty of 3s. on crossing the frontier of Canada, and that this wheat, when ground into flour, shall be admitted into Great Britain at a fixed duty of 1s. per barrel. This is the whole amount of change which is contemplated by Lord Stanley’s Bill”. ZETA. (1843, May 22). CANADIAN CORN. *The London Morning Post*, p. 5.

of them have declared that they have no objection even to the *free* admission of Canadian wheat and flour, could they be satisfied that this boon would be confined exclusively to the *bona fide* growth and produce of the colony; but they assert, first, that the imposition of a 3s. duty is not sufficient to put a stop to the transit of United States wheat and flour through Canada, even if the duty were collected; and secondly, that from the extent of frontier it is impossible to collect any duty at all. Now, in the first place, we would observe, that [as] a considerable portion of the revenue of Canada is derived from customs duties levied on the frontier of the United States, the machinery for collecting the proposed duty is therefore established. Smuggling in valuable articles on which a high rate of duty is levied (such as tea, tobacco, spirits) may take place there as it does with respect to those similar articles at home; but the idea that the smuggling of any large quantity of an article so bulky and heavy as a quarter of wheat will be attempted, is absurd. The additional cost of transport by the unfrequented routes that must be taken to avoid detection, would out-balance the giving of a duty of 3s.

But will the imposition of this duty be a fair compensation for the proposed reduction on Canadian wheat? We are of opinion that it is: it may not altogether put a stop to the present transmission of United States wheat into Canada, to be there ground and sent to England, but most assuredly it will hold out no *additional* encouragement to this trade. This will be evident at a single glance, by comparing the inducements held out by the existing law to the American farmer to send his wheat through Canada to be then ground, with those afforded under the proposed law. A reference to the map of North America, as suggested by Lord Stanley, will show that New York is nearer to Lake Erie than Montreal, the nearest port of shipment on the St. Lawrence, and that the facilities of water communication are as great to the farmer as to any of the ports on the St. Lawrence. The additional cost of transit by the more circuitous route of the St. Lawrence from Ohio is stated in the papers laid before parliament to be 3s. 1½d. per barrel of flour. The figures in the appendix make it 1s. more, but as this may be an over statement, we will take the extra cost at no more than 4s. on a quarter of wheat. As by the present law, the maximum duty of 5s. attaches to colonial [wheat] when the average price is 55s., and the minimum of 1s. when the average is 58s., it is unnecessary to examine the rest of the scale. The duty on foreign wheat when the average is 55s., is 18s.; as the duty chargeable on Canadian wheat is then 5s., and the extra cost of transit through Canada 4s., there is an advantage of 9s. in duty in favour of the latter route. When the average rises to 58s., the duty on foreign wheat falls to 14s., the duty on Canadian is then 1s., extra cost of transit 4s., leaving still a gain of 9s.

Whereas by the proposed law in the first of the above cases, the duty on importation into Canada will be 3s., ditto in England 1s., extra cost of transit 4s., in all 8s., thus giving in this case a gain of 10s. in favour of the route by the St. Lawrence; but when the average is 58s. and the foreign duty 14s., these fixed charges, amounting as above to 8s., leave a gain of only 6s. instead of 9s. at present. It is clear that though the rate of duty and charges may be fixed, the inducement to send American wheat through Canada will in future vary inversely with the averages; and

here, we think, is a complete answer to the objections made to the measure of Lord Stanley that it is the introduction of the principle of a fixed duty.

The main objection which has always been urged against a fixed duty on corn is this – that it would be impossible to maintain in times of scarcity the amount of duty required for protection in ordinary years. Now, this objection does not apply to the proposed measure. We have shown above that the temptation to send wheat from Ohio, &c. through Canada, diminishes as the prices at home rise, and when the average rises to 64s., and the duty on foreign wheat falls to 8s., all the wheat sent from the Western States will be shipped from New York, or some other United States port, to be dealt with on arriving here according to the rate of duty then ruling under the sliding scale.

“The truest friendship to the farmers”⁵⁷ (May, 1843)

This article argues that given fluctuating domestic demand for grain, occasional imports are inevitable, and it’s better for the British farmer that these be from Britain’s colonies than from the world at large.

The Canada Bill is in truth a British farmer’s bill. [...] How it must operate as such will be plain to every farmer, if the case is fairly put before him. The competition against which the home grower has to contend is, *the competition of all the world*. As often as the produce of the United Kingdom proves insufficient for the support of the population – an event that has happened, and may happen again – the British farmer is exposed to this competition. Foreign corn is thrown in upon the markets without measure and without stint, and for this there is no remedy. Let the home growth of the country be made equivalent to supply the population in unfavourable seasons, and in good years the farmer must be ruined by an excess. This is our condition, and it must be the condition of every country which is not an *exporting country*; and from the wealth and the burthens of the United Kingdom, as well as from its local position, an exporting country the United Kingdom cannot be. The wisdom of legislation in our case is – protect agriculture up to the point at which protection will not be injurious to agriculture itself, and to carry that point as high as possible, that is *to exclude the competition of the world as long as possible, is the truest friendship to the farmers*. But how is this to be done? There obviously but one resource – to widen as far as possible the field of supply from countries under your own control, and from countries where the average price of cultivation will be about the same as in the metropolitan state. Thus you put off from the farmer the evil day – the day of *universal competition*.

Nearly two centuries ago the House of Lords voted the importation of Irish cattle “a nuisance.” The great Duke of Ormond exposed the folly of the vote in a coarse jest, and the importation of Irish cattle has since been free. Have the British graziers suffered by this freedom? Is it not certain, on the other hand, that the effect has been to carry the British grazing trade to a perfection, which now enables the British

⁵⁷ From Mr. Labouchere’s amendment. (1843, May 23). *The London Standard*, p. 2.

grazier to defy even a universal competition? But, if while the trade was still weak and young, the universal competition had been let in, *as it must have been but for the drafts from Ireland*, the trade would be now very different from what it is. In the same way, precisely, the admission of Irish corn has served to protect the tillage of Great Britain from the ruin of an inevitable universal competition. This is, and always must be, the effect of *the enlargement of the definite field of supply*— universal competition is by so much put farther off. Now, for this great benefit, it would not be unreasonable to exact a heavy insurance premium, and we do not dispute that as regards imports from Ireland the British farmer does pay this heavy insurance one year with another; but is there any one so blind as to doubt that but for the Irish imports, the whole of our corn-laws, and laws protective of agriculture, must have given way many, very many, years ago?

The case of Canada is, however, remarkably distinguished by this – that *no present insurance* is called for, as the imports from Canada, under Lord Stanley's bill, can never seriously affect prices *until the danger of universal competition* is at the farmer's door. Then, and not till then, will come in the Canada supply to postpone the arrival of a deluge of grain from all parts of the compass and all climates of the earth. Is not this, as Mr. Darby says, to erect a buttress for the support of our protective laws?

We think that we have made the matter clear enough; but we will, to take away all excuse for misunderstanding it, venture a familiar illustration: - John, a farmer, contracts to supply Thomas, a miller, with wheat at a certain price agreed upon between them; but with this condition, that if John cannot furnish wheat enough to keep the mill of Thomas in full work, then Thomas shall be at liberty to buy wherever he thinks fit, and to leave John's wheat upon his hands. Now, it happens that John's farm does not supply in particular years the necessary amount of wheat, and he is thus left at the mercy of Thomas to refuse his stock, or buy it at a lower price than agreed upon. What, then, is John's remedy? Obviously to *enlarge his farm*, take a son, if he have one, holding an adjacent farm into partnership, and thus have at all times the benefit of his contract. Here is precisely the case in point. John is the British farmer, Thomas is the consumer: the corn-laws are the contract, and the addition to the farm is Canada.

“Their most profitable trade”⁵⁸ (May, 1843)

The fall of the Canada-England timber trade has made Canadian agriculture a more attractive investment, and this comes at a time when the completion of canals have reduced the cost of transporting wheat to Britain.

Fears have been expressed by English agriculturalists as to the effect of admitting the wheat of the United States into Canada at a nominal duty. The chief

⁵⁸ From CANADA CORN BILL. (1843, May 24). *The London Morning Post*, p. 6.

danger, however, is to be apprehended, not from importations into England of wheat grown in the United States, but from importations of wheat grown in Canada.

To effect the utter ruin of English agriculture, our Canadian fellow-subjects will not require to deal in the produce of the United States. No; their own territory will afford amply the means of underselling, in the markets of England, the staple products of the English soil. The expediency of admitting United States wheat into Canada constitutes, it will be found, after all, a consideration of only secondary importance. The admission into English ports of genuine Canadian wheat, duty free, will consummate the ruin of English agriculture – will consummate that great work, of which the new Corn Law and Tariff were the appropriate commencement. [...]

Why should the Canadians, with an almost boundless extent of the “best grain country” in the whole continent of America, resort to the more remote, and less fertile, regions of the United States for corn, with which to supply the markets of England? [...] Why, with such inexhaustible advantages in the production of grain – and enjoying, moreover as they have, for a long period done, the privilege of sending corn to England at a 5s. duty, have our Canadian fellow-subjects never, except to an inconsiderable extent, turned their advantages to account?

It is not necessary to seek long for the solution to this apparent difficulty.

The Canadians have not hitherto attempted to produce much more grain than sufficed for their own consumption, because hitherto they have enjoyed what free traders style a “monopoly” of the timber markets of England. The trade in timber has been their most profitable trade:- it has been a trade sufficiently extensive to absorb the larger portion of their industry and capital:- it has been a trade, for the conduct of which peculiar facilities in the way of transit have always existed.

The Canadian timber trade is, however, now destroyed, and the projected Canada Corn Bill will render the cultivation of grain by far the most profitable sphere of action for the industry and capital of Canada.

Not only has the trade in timber been, hitherto, the most profitable trade, in which Canadians could embark; but there have, moreover, existed, heretofore, certain impediments to the establishment of a prosperous trade in the production of corn for the English markets.

For the purposes of transit, by means of vessels capable of containing corn, the St. Lawrence, between the grain-growing region and the ocean, has been hitherto unnavigable. For many years past, however, immense sums of money have been expended on the construction of canals, of which the object has been to remove, virtually, the obstructions that exist in the lake navigation of Canada. These canals⁵⁹

⁵⁹ The St. Anne de Bellevue Canal, first Beauharnois Canal and Chambly Canal were all opened in the early 1840s. An 1843 report stated that “The number of vessels that have passed through the Chambly Canal, this season, [...] amount to about one hundred, and of these only two have proceeded direct to New York without unloading at St. John’s [Newfoundland]. Sawed timber and salt form the bulk of their cargoes.” THE EASTERN FISHERIES. (1843, October 7). *The Star of Freedom*, p. 16. The Beauharnois Canal was the site of a deadly riot. “The laborers on the Beauharnois canal, who recently struck for higher wages, on the 10th instant proceeded to break open stores, beat the contractors, and commit other outrages. On the 12th, a party of dragoons were called out to quell the disturbances, and the rioters refusing to disperse they were charged upon by the troops, and from 12

will all be completed next year; so that, in 1844, the grain-growing regions of Canada, will be, to all intents and purposes, brought into immediate contact with the sea.

The agriculturalists of England will thus be found to have supplied Canada with millions of money, in order (so it has fallen out) to enable Canadians to take absolute possession of the corn markets of England.

Among the minor impediments to the establishment of a corn-trade with England, may, of course, be reckoned the existence of a 5s. duty. That duty, however, our Conservative Ministers propose now, in a spirit of the most unbounded generosity, to abrogate. We are about to enjoy the blessings of a free trade in corn with Canada; and a free trade in corn with Canada is a free trade in corn with, perhaps, the most fertile corn country in the whole world.

But the Quebec Board of Trade enlarges on the cost of freight between Canada and England, and on the consequent impossibility of establishing a steady trade in Canadian corn, until prices in England shall range between 55s. and 61s. a quarter. [...] Canadian wheat has been imported into England, when the average price of wheat was less than 40s. a quarter. The Canadian wheat in question paid, in other words, freight and 5s. duty – and was sold, at a profit, at 40s.!

On the subject of freight, moreover, let it be noted, that since the years 1834-35, the shipping trade of this country has suffered extreme depression. A large portion of our mercantile navy can, in fact, find no profitable employment; and we have ourselves been assured by mercantile men of large experience, that many ship owners, instead of requiring (as the Quebec Board of Trade contends) 26s. a quarter for the freight of corn from Canada, would be delighted to receive 7s.

“The happiness of the masses”⁶⁰ (June, 1843)

As an American and a foreigner in England, I may not be capable, and probably ought not, if I were, to speak of, and discriminate between the relative merits of the political parties that may divide the realm; but this is not a question identical with the views of a party, narrowed down to the limits of Great Britain only. [...] The

to 20 killed and 30 to 40 wounded. To avoid their pursuers, many of the rioters leaped into the river and were swept down the rapids, and were struggling in vain as they were borne irresistibly on to destruction.” Riot in Canada. (1843, June 19). *The Boston Post*, p. 2. These riots were reportedly started by Irish workers. “We regret to hear there has been a disturbance on the Beauharnois Canal, between the Corkonians and Connaughtmen. The contractor immediately directed the work to be suspended till the men could agree among themselves, and every man to be paid off forthwith.” RIOTS AT THE BEAUHARNOIS CANAL. (1843, March 19). *The New York Herald*, p. 4. The strike repeated itself the following year. It was reported that the Irish workers were “compelling a number of French Canadians who were employed on the line to abandon the works. Some of the Contractors have made representations to the Board of Works, protesting that they are forced by bodies of riotous men to stop their works, and that unless they are protected by a sufficient military force, they cannot resume their labor. Common laborers are now receiving three shillings a day, but they have turned out for 3s. 6d. and some of them want 4s.” INTERESTING FROM CANADA. (1844, August 27). *The New York Herald*, p. 2.

⁶⁰ From VIATOR. (1843, June 13). TO THE EDITORS OF THE ENQUIRER. *The Richmond Enquirer*, p. 3.

question of the Corn Laws is a question of the happiness of the masses – a question between them and the few who both own the soil and govern the country. They are founded upon the notion, that the same lands which formerly supplied food for less than 20,000,000 of inhabitants, must now supply it for 27,000,000. The corn law advocates say, that the prosperity of the agricultural classes depends upon the existence of these heavy duties on foreign grain; and it is in this way that the farmers of England, who rent their grounds of landlords, are gulled and deceived. The farmer finds that he is doing but a bare living business. The lordly proprietor tells him, that were it not for the Corn Laws, he could not live at all. The advocate of a repeal of these laws asserts to him, that his rents are too high, and ought to come down. The landlord replies, that it is but 3 or 3½ per centum upon the value of his lands, and therefore, as money invested in the funds would bring that, it is just.

What is the true difficulty? The price of land is too high in England. Bring that down, reduce the assessments, and then the rent, calculated according to the usual rate of interest, would be reasonable. It would fall lighter upon the farmer; and whilst it enabled him to employ more capital in tilling the soil, it would also allow him to dispose of his productions at reduced prices, and thereby benefit millions who are now craving after their due complement of food.

This consummation is daily prayed for by a vast majority of the nation, and, could it be brought about, would send joy to the hearts of many who have long sighed in sorrow. But there are objections in the way, and a large portion of the moneyed aristocracy of the kingdom are interested in those objections. There are church livings, and marriage settlements, and charity endowments, and annuities of all kinds and descriptions dependent upon the existence of the Corn Laws and the continuance of the high rents now paid for land. All rent derived from the soil [would] be diminished. Many well fed persons, who now receive £1,000 a year, would be compelled to take £800 or £900 in future; and not a few ladies, who married with the prospect of £5,000 a year, would have to put up with £4,000. Thus, although the multitude clamor loudly for bread – the very bread of bare existence – the proprietary aristocracy has made prospective arrangements to spend so much for years to come, and it would never do for the gentry to break their engagements, or permit the *fêtes* of one year to be eclipsed by those of former years. [...]

I am led to believe, after some observation and comparison of events, that the existence of these laws cannot much longer continue. It is too much to expect their repeal by the present Parliament, but, that it will be accomplished, there cannot be much reason to doubt. [...] I hear nothing of Stanley's motion for the admission of Canadian grain, duty free. His health has been such, as not to permit him to press it hitherto – that once adopted, an important step would be gained. The opening of British ports to Canada would, it seems to me, be in effect to open them to the United States. Under the influence of our present Tariff, a portion of the manufactured goods of England would be smuggled into the United States, to buy bread for the operatives who fabricated them. In the course of the recent debate in the House of Commons, I heard frequent allusions to the probability of large importations of grain from the United States. Some of the speakers pointed to the immense quantities of grain which

lay almost rotting upon the Mississippi, and drew a contrast between the picture of plenty there exhibited, and that of protracted famine, apparent in England. Others dreaded the idea of being supplied by the United States, whilst one or two contended, that the United States could not afford to supply England with grain, since importations could be more cheaply made from the Baltic.

Our country and this, present a remarkable difference in the character of those who own the lands in each. With us, the owners of the soil are the freest, most liberal, and least dependent class upon the bounty of the Government. Notwithstanding all the artificial contrivances for “protection,” which have been introduced amongst us, no one ever yet proposed such a thing for agriculture. Here, however, the laws are shaped, and the appetites of the people made to succumb, in order to ensure protection to the land owner. But, mark you! our land owner treads his own soil, tills the soil himself, and esteems it as honorable a vocation as any in the Republic. Here, in England, the land owner, is a different being from the land tiller – a separate existence, wholly above, and holding no sympathies with him. Here, the same tract of land is made to pay its owner full interest upon its value, (estimated according to the exorbitant English standard,) besides supporting the farmer and family who live on it, remunerating him for his labor and capital employed, and, also, enabling him to pay the taxes and tithes, which are everywhere levied with so little mercy. What farm amongst us does half of this?

Will you not come to the conclusion with me, that these corn laws operate, by prohibiting in effect the introduction of foreign grain, to make the rich richer and the poor poorer, to increase pauperism and to accumulate distress, and that therefore it belongs to humanity to desire their repeal?

“Already three times as large”⁶¹ (July, 1844)

Soon after it passed, the Canada Corn Bill led to greater production and export of grain, and a rise in emigration from the United Kingdom to Canada.

We beg to direct the attention of those patriotic county Members, who, last year, supported the Canada Corn Bill, to the following interesting extract from the *Liverpool Times*:-

“The commercial accounts from Canada brought by the Acadia⁶² are very favourable. From the opening of the canals to the 25th of June, 303,624 barrels of Canadian and 46,408 barrels of American flour, and 111,021 bushels of Canadian, and 95,227 of American wheat, had been received at Montreal. *This is more than three times the quantity received in that port to the same date of the previous year, when it was not more than 111,801 barrels of flour and 48,211 bushels of wheat; and this extraordinary increase furnishes a striking proof of the impulse given to the Canada corn trade by the Government Bill of the session before last.* The quantity of

⁶¹ From We beg to direct. (1844, July 18). *The London Morning Post*, p. 4.

⁶² Possibly the S/S Acadia, a steamship of the Cunard line that was built in Glasgow in 1840, and scrapped in 1858. Her maiden voyage was on the Liverpool-Halifax-Boston route.

flour shipped to this country up to the same date from Montreal and Quebec, was 140,600 barrels of flour and 136,248 bushels of wheat. With regard to the prospect of the present year's harvest, a Montreal paper of the 27th ult. Says:- '*All the accounts represent the breadth of land laid down in both provinces with wheat as unprecedented, and the crops as looking remarkably healthy.* Strong hopes are entertained that the ravages of the fly will be very much circumscribed, and from the formation of agricultural societies, and the increased attention devoted by the journals, in both languages, to agricultural topics, we think *a reasonable hope may be entertained of a permanent improvement of the culture of the soil.*'"

The importations of American wheat are, this year, already three times as large as they were last year, at the corresponding period. Next year, the importations from Canada will, in amount, be tenfold what they are this season.

These results do not startle us. The Canada Corn Bill established free trade in corn – repealed, virtually, the miserable measure of protection vouchsafed to British agriculture in 1842. [...]

On one point, *Standard, Herald*, Mr. Gladstone⁶³ and Lord Stanley were agreed. No Canadian wheat, according to these concurring authorities, would ever be sold in our markets until the price in England should reach 56s. Three-fourths of the wheat grown in England last year have been sold by our farmers for less than 48s. The price of 56s. was the price which Sir Robert Peel indicated, as that which his Corn Bill of 1842 was designed, as far as possible, to establish. Except during the two months which precede the introduction of new wheat into our markets – a period at which farmers hold no wheat – the price has scarcely ever exceeded 50s.

We declared, last year, that the effect of the Canada Corn Bill would be, to convert Canada into a grain-growing country. For the growth of wheat, the soil and climate of Upper Canada are the finest in the world. The cost of producing that wheat is enhanced by none of the burdens which depress agricultural profits in this country. The cost of production is, we repeat, light, in virtue of the fertility of the Canadian soil, as well as in virtue of the absence of Canadian taxes. Under the influence of the Canada Corn Bill, the markets of this country are at all times open to Canadian wheat without the imposition of any tax that might by its influence tend to place the British farmer on a level with the wheat grower of Canada. Hundreds of thousands of our labourers pine for employment at better wages than our Leaguers and *Conservative* Ministers choose to sanction. Money is, of course, rapidly seeking investment in Canada; and as to the progress of emigration, let us again consult the *Liverpool Times*:-

"The number of emigrants who arrived in the port of Quebec, in the week ending the 23d of June, was 1,973, of whom 659 were from England, 1,074 from Ireland, 220 from Scotland, and 26 from the lower parts of the colony. *Adding these to the previous arrivals, it gives a total up to the 23d of June, of 8,827 emigrants, principally men in the vigour of life, in every way qualified to battle with the wilderness, and turn it into a fruitful field.* All the accounts, both public and private,

⁶³ William Ewart Gladstone (1809-1898), four times Prime Minister of the United Kingdom.

represent the condition of the colony as highly prosperous, and as requiring nothing but internal peace to secure a long continuance of prosperity.” [...]

The Canada Corn Bill involves a virtual repeal of all protection for British agriculture. Next year, the importations will, we repeat, be tenfold what they have hitherto been. Next year, too, the Bank Charter Bill will have made its “healing influences” felt in the establishment of a lower range of prices than have prevailed in England for fifty years. [...] No price has been paid for the surrender of the rights of native industry. Even the League, in the year 1839, used to babble about “compensation”⁶⁴ to the agricultural supporters of the Corn Law. Sir Robert, however, has offered no compensation – nor been troubled with solicitations for any. *He*, worthy gentleman, may now boast of having “*settled* the question of the Corn Laws,” as he has settled many other questions.

The end of the Corn Laws⁶⁵ (January, 1846)

In January of 1846, Sir Robert Peel’s government repealed the Corn Laws. Peel’s reasoning, given in a speech to Parliament, is reproduced below. The repeal was announced with a number of other reductions in protective tariffs.

I will now state the proposal which I mean to make on the subject of the Corn Laws. I have already stated that I exempted some articles now included in the Corn Laws, from duty altogether – maize and buck-wheat. I propose, from the passing of this act that they shall be admitted duty free. On the other hand, I do not propose an immediate repeal of the Corn Laws; but in the hope of making a final adjustment – of preventing undue apprehension – of giving time for the adjustment of agriculture to the new state of circumstances – although I propose a temporary continuance of protection, yet do I propose that the bill shall include a distinct enactment, that after the lapse of a certain time, grain shall be imported into the country duty free. (Tremendous applause from the opposition benches.) I am deeply convinced that any intermediate proposition would be of no avail. (Hear, hear, hear.) It would have been out of my power, [...] to suggest any modification of the existing Corn Law with a guarantee that it should continue – I say it would have been out of my power. (Loud

⁶⁴ “A few years ago the Legislature of the kingdom [...] paid to the slave proprietors twenty millions of pounds sterling, as a compensation for relinquishing property to which they never had a just claim, unless we recognize the right of one man to steal and appropriate the body of his fellow man. Now what do our readers suppose that the corn monopolists expect as compensation for the loss they will sustain by permitting the people to buy their food at the cheapest market? [...] In the House of Commons Mr. Cayley [...] gave a broad hint that the corn monopolists were entitled to compensation, and that nothing short of six hundred millions of pounds sterling would repay the landed interest for the loss they would sustain by the repeal of the corn laws. [...] Mr. Cayley (unwittingly, we presume) makes the public loss from the monopoly infinitely more serious [...] and we must exclaim, [...] ‘It does seem to us to be perfectly outrageous for a senator to allege that the system he supports is equivalent to *taking from the rest of the nation, for the benefit of the landed interest alone, the sum of £600,000,000 sterling!*’” THE CORN-LAW MONOPOLY. (1839, March 22). *Liverpool Mercury*, p. 8.

⁶⁵ From a speech by Robert Peel to the IMPERIAL PARLIAMENT. (1846, January 28). *The Leeds Mercury*, p. 1.

cries of “Hear, hear.”) The decision is either between the maintenance, in fact of the existing amount of protection in every particular, or laying the foundation for the ultimate and certain settlement of the question. (Hear, hear, hear.) I propose, therefore, a considerable reduction in the existing amount, and I propose that the continuance of that duty, so reduced, shall be limited to a period of three years – (loud cheers from the Opposition); that the act shall contain a provision that at that period of the year when I believe there would be least inconvenience in the termination of protection, namely, on the 1st of February, 1849, oats, barely, and wheat shall be made subject only to that nominal rate of duty which I proposed, just now, to apply immediately to maize and buck-wheat. (Loud opposition cheers.) The question is what shall be the intermediate state of the law during the continuance of such protection. My opinion, I am bound to say it, as to the policy of providing immediately for a great reduction of the duty on corn remains unchanged. [...] I propose, therefore, that for the present there shall be an immediate and great reduction in the amount of duty, and that that amount so reduced shall endure only for a limited period, there being a guarantee then by express enactment in the bill, that on the arrival of that period the existing duty should be converted into a nominal duty. (Loud cheers.) [...] We propose that immediately – that is, after the passing of the act – all grain the produce of British colonies taken out of bond shall be admitted at a nominal duty. (Hear, hear.) [...] I offer to those who insist on an immediate and unqualified removal of these laws – I offer to them the unrestricted importation, at least on a nominal duty, of all kinds of grain, and all kinds of meal, the produce of grain from British colonial possessions out of Europe at a nominal duty. [...] We attempted to meet the objections that were made to the varying price of wheat; but at the same time to affix a duty which would be available in point of time would not answer the purpose I was desirous of attaining – that of making an immediate reduction, on account of the temporary exigencies⁶⁶ of the country, on the present price of foreign grain. [...] We propose to accompany that arrangement with other provisions, calculated – I will not say to give compensation – but calculated, in my firm belief, materially to advance the interests of that portion of the community which, after the lapse of three years, will be called upon to relinquish that protection which has, up to this time, been extended to them. I believe that this is a just arrangement, and [...] I thank them for the way in which they have borne their burdens, and for the example which they have thus set to other portions of the community.

⁶⁶ The Irish potato famine.

The Elevator Monopoly

In the Beginning⁶⁷ (March, 1900)

In the earlier days of railroad building in Manitoba and the North-west Territories, the elevators, or other facilities for the handling of grain, were few in number. The shortness of the season, allowed by the climate for harvesting and marketing the crop, made it necessary that as much as possible of the carrying trade in connection therewith should in each year be done within a short time in order to get the grain to lake ports in time for transportation before winter set in, and there was consequently (as there still is) always a rush to get grain marketed. As a result, the ordinary rolling stock of the railways was insufficient to cope with the needs for transportation during the period between the time that grain first became ready for shipment and the time when it would be too late for it to be shipped in vessels at lake ports. As a consequence, there was great difficulty in finding proper accommodation for storage for the grain, which was brought in at country points faster than it could be shipped out.

To obviate such difficulties and to encourage the erection of elevators to store, ship and handle grain, the Canadian Pacific Railway Company offered the following inducement to parties who would build elevators of a capacity of at least 25,000 bushels, driven by steam or gasoline engines, and equipped with machinery for cleaning grain. That is to say, that at points where such elevators were erected the railway company would not allow cars to be loaded with grain through flat warehouses⁶⁸, or direct from farmers' vehicles, or otherwise than through such elevators. [...]

When giving such inducement, the railway company imposed the condition that such elevator owners should furnish storage and shipping facilities for parties wishing to store or ship grain. On the strength of said inducement, a number of elevators were erected at different points by different persons and corporations engaged in the business of milling and grain buying and exporting.

“Anti-Monopoly”⁶⁹ (December, 1883)

The farming population of Manitoba is on the warpath. Indignation meetings, meetings to protest, meetings to assert, meetings to organize and various other kinds of meetings are being held in all parts of the country and numerous attended. The

⁶⁷ From Sirett, W. F., Lothian, W. & Castle, C. C. (1900). *Report of the Royal Commission on the Shipment and Transportation of Grain* [Sessional Paper No. 81a].

⁶⁸ “Frame buildings of from 1,000 to 10,000 bushels capacity, with the floor on a level with car floor. Are entirely without machinery, and while divided into bins, the grain must be moved by hand or small truck on wheels when filling the bins from farmers' wagons or moving grain from bins to cars on track alongside the building.” Sirett, W. F., Lothian, W. & Castle, C. C. (1900). *Report of the Royal Commission on the Shipment and Transportation of Grain* [Sessional Paper No. 81a].

⁶⁹ From ANTI-MONOPOLY. (1883, December 15). *The Edmonton Bulletin*, p. 2.

trouble is the low price of grain. No. 1 hard wheat⁷⁰ in Winnipeg brings 75c to 80c, in the Portage red Fyfe⁷¹ brings 65c to 68c, at Brandon 65c is the price for the best, and other points are still lower, while in Minneapolis the price is 95c to 98c. The horny-handed sons of toil do not object so much to the lowness of the price as to the vast difference in the prices obtained at different markets. The Portage people think it an injustice that they should receive ten cents a bushel less for their wheat than those of Winnipeg and many smaller sections along the line, have reason to complain of the difference between their prices and those of the Portage and Brandon.

The trouble may be expressed in one word, monopoly. The C.P.R.⁷² Co. have a monopoly on the carrying trade of the country. They have decided not to receive grain at any station at which an elevator is situated except through the elevator. The Ogilvie milling and grain buying company owns almost all the elevators at the principal points and as a consequence they have a monopoly of trade at all such points. This fact they take advantage of to lower the price of grain to such a point as their elastic consciences will allow them. It is not on good grain, however, that they make their pile. A large amount of the grain in the province is injured by frost to a greater or less extent – the greater part not sufficiently to do it any material damage; but for even the best quality of this the autocrats will not pay more than half price. To make matters still worse, now is the time when store bills that have been running all summer, and notes given on agricultural machinery must be paid. The farmers are obliged to sell no matter what the loss, and the buyers, knowing this, are taking advantage of them. Under the circumstances, no wonder the farmers kick and squirm and threaten and abuse the syndicate and the government, but they have to sell their grain at the low price just the same, and they will have to do likewise next season, and the next and the next.

“Manitoba Farmers’ Grievances”⁷³ (December, 1883)

The farmers of Manitoba who have recently been airing their grievances and proposing some very absurd schemes of relief, have done at least one sensible thing in appointing a deputation to wait upon Mr. Egan⁷⁴, the general superintendent of

⁷⁰ “It is a generally accepted fact that the soft wheat flours are best adapted to the making of pastry and biscuit on account of high starch and low gluten content. Just so is the hard wheat flour best for bread making, on account of a higher gluten and lower starch content, thereby producing a large bread yield.” Wilson, J. A. (1911, September 11). The Value of Hard Winter Wheat for Bread-Making. *The Southwestern Flour and Grain Journal*, p. 16.

⁷¹ Red Fife wheat was first grown in 1842 by David Fife, in Ontario. It was highly prized by Canadian millers. “At a test made very recently in England, with references to the baking qualities of flour of different places, the first position was assigned to a sample of flour manufactured from red Fyfe and sent from the Ogilvie Milling Co., Winnipeg.” AGRICULTURE. (1886, February 19). *The Manitoba Free Press*, p. 4.

⁷² The Canadian Pacific Railway. Canada’s first transcontinental railway was completed in 1885. By 1883, it had already reached the Prairies.

⁷³ From MANITOBA FARMERS’ GRIEVANCES. (1883, December 4). *The Montreal Gazette*, p. 4.

⁷⁴ John M. Egan (1848 – 1923).

the Canadian Pacific Railway. [...] The delegates having complained of what they term the elevator monopoly, and of the partiality shown the Ogilvie Milling Company, Mr. Egan pointed out that Mr. Ogilvie had received no advantage whatsoever either in the matter of elevators or of transportation facilities, and added that all buyers would be accorded the right to build elevators and also given ample facilities for transporting grain. They would also consent to unload grain from flat warehouses at stations where there were no elevators, but such warehouses would have to be removed the moment an elevator was erected, the policy of the company being to encourage the building of elevators as being mutually advantageous to the farmer and the railway.

The Ogilvie Milling Company have addressed a letter to the Secretary of the Farmers' Association of Manitoba City⁷⁵, which shows how unfounded are some of the grievances of which the farmers complain; they say:-

“We are endeavouring to get a market for frozen wheat, and have a letter from the firm in Montreal, that they will try to get such a market, with a view of assisting the farmers in your section; that our rates of storage will not exceed the rate paid by ourselves at Portage la Prairie and Brandon last season, viz., 2¼ cents for 15 days, and ¼ cent for each additional 15 days till the sum of 5 cents is reached, and then free to 15th June; we will not place any obstacle in the way of any person wishing to handle frozen wheat or coarse grains through a flat warehouse, or by any other means, for we want to see the farmers in a position to take advantage of any opportunity that may be offered for their benefit, and we know of no place that the railway have refused to allow such grains to be handled outside of the elevators. As to rates we know of no rate but the tariff, and have no lower rates than other shippers notwithstanding the statements of people who say so and know nothing whatever about it, or the utterances of the press.”

“The regulations of this company”⁷⁶ (January, 1884)

The regulations of this company⁷⁷ concerting grain elevators on its lines in the North-West not being generally understood, this is to inform the public that the following are the regulations and conditions under which such elevators are permitted to be erected upon the station grounds of the company:

The Company will grant to any person the use of the necessary ground for an elevator at any station free of charge (except taxes) for a period of twenty years, with the right of renewal for an additional period.

The elevators are required to have a bin capacity of 10,000, 15,000 or 20,000 bushels, according to the prospective business of the station where they are to be erected.

⁷⁵ Now a ghost town, it was abandoned when the C.P.R. bypassed in favour of nearby Manitou.

⁷⁶ From Van Horne, W.C. (1884, January 18). NOTICE REGARDING GRAIN ELEVATORS! [Advertisement]. *The Manitoba Free Press*, p. 4. Attributed to Sir William Cornelius Van Horne (1843 – 1915).

⁷⁷ The Canadian Pacific Railway.

They are required to be substantially built on secure foundations, to be provided with the necessary and usual appliances for hauling and cleaning grain quickly and economically, and to be kept in proper repair and free from all inflammable materials or anything that would increase the risk from fire.

They are required to handle grain for the public, if so required, at reasonable and customary rates and without discrimination or preference.

The party erecting the elevator is required to exempt and save harmless the company from loss or damage to the building or contents from fire.

At stations where no elevators already exist any party may erect a grain warehouse upon the company's station ground, upon agreeing to construct an elevator in connection with it within a specified time, or, failing to do so, to remove the warehouse where an elevator is built by another party.

The number of elevators at any station is not limited.

The company will carry materials for the construction of elevators at *one-half of its tariff rates* and will, so far as it may reasonably and lawfully do, protect investments in elevators by excluding ordinary grain warehouses from its grounds at stations where elevators are provided, and by requiring all grain *shipped in bulk*, to be handled through such elevators.

“The wheat and elevator questions”⁷⁸ (January, 1884)

I⁷⁹ have watched with deep interest the discussion of the wheat and elevator questions in the newspapers of Manitoba, and, as it has taken such shape as to injure the country abroad, and as much that has been said reflects upon the policy of this company, I beg permission to say something on the subject, but first I wish to remark that the discussion, as it has been carried on, would impress one not conversant with the facts with the belief that the entire wheat crop of Manitoba, instead of a small percentage of it, had been ruined by frost.

The general question of rates is too wide to admit of clear discussion within the limits of a communication of this kind, but a comparison of the prices paid for wheat at our stations with those paid in Minnesota and Dakota, will prove conclusively that our farmers are as well off, and generally better off, in this respect, than their neighbours at the South.

It is not the rate between two local stations that should be considered, but the through rate that the company is able to offer and on which the local grain markets are based.

Just now the chief cause of complaint seems to be the prices offered for damaged wheat, of which there is a large quantity in some localities. The Canadian Pacific Company will gladly do anything within its power to enable the farmers to dispose of this wheat at good prices; but as it does not answer the purposes of Manitoba millers, one of two things must be done with it. It must either be held for

⁷⁸ From Van Horne, W. C. (1884, January 7). THE NORTHWEST WHEAT QUESTION, *The Montreal Gazette*, p. 2.

⁷⁹ Sir William Cornelius Van Horne (1843 – 1915), then vice-president of the Canadian Pacific Railway.

spring shipment *via* Port Arthur⁸⁰, or it must be shipped through by rail to eastern points. The all-rail rates will leave scarcely anything for the farmers. We have used our best endeavours with the eastern lines to secure a reduction in rates, but without avail. We have reduced our own rates on the damaged wheat by one-third, but were we to have it free over our own line it would not afford appreciable relief. The damaged wheat is very uneven in quality, and among the millers everywhere there is a wide difference of opinion as to its value. The shippers cannot know what prices it will bring on reaching the eastern market, and for safety they are obliged to allow large margins. It appears, therefore, that the all-rail shipment of this wheat must result in sacrifice either to the farmer or the shipper.

On the other hand, there is good reason to believe that the damaged wheat, if stored in large quantities until the opening of navigation, would heat, and buyers are not disposed to take the risk. They would require very large margins to justify them in doing so, and they cannot reasonably be blamed for exacting them. Nor are Manitoba millers to blame for not buying this wheat. They have a special market for their shipping flour, and have endeavoured to secure for it the highest standing in the eastern and foreign markets, already with considerable success, but they must have the very best wheat from which to make it, and it is certainly to the interest of every farmer in the Northwest that the reputation of Manitoba flour, as well as of Manitoba wheat, should be put above all the rest of the world and kept there, as it can and should be.

I know that it will pinch many farmers who have much damaged wheat to hold it until the opening of navigation, but I believe that if they can and will do it, and will in the meantime guard against its further injury by keeping it dry and giving it light and air, they will have little cause to complain.

As to the so-called "elevator monopoly," I beg to say that none exists on our lines. Every person who likes may build an elevator on our grounds without charge for ground rent, and on as liberal terms as are given to anyone, and no individual or corporation will have any advantage in rates.

Our requirements in the way of elevators are not severe. The stations are graded for buildings of 10,000, 15,000 and 20,000 bushels minimum bin capacity, according to the prospective business. If any company or individual should build an elevator at a cost of \$10,000 at any station it will not prevent the building by any other party of one costing less than half that amount, if it comes up to the required capacity for that station and is provided with the usual appliances for handling and cleaning grain.

In this matter we have followed the practice of almost every railway company in the grain-producing States, a practice which long experience has shown to produce the best results for all concerned and to be absolutely necessary where grain is largely produced. Some railways provide elevators of their own, and require all grain to be handled through them, but this plan has never worked satisfactorily, as it has a tendency to breed a crop of irresponsible buyers.

⁸⁰ Now part of Thunder Bay, Ontario.

A grain buyer in an ordinary warehouse, buying two or three kinds of grain and several grades of each kind, has little chance to grade it properly, and when it is coming in freely he cannot grade it at all. Wheat is then wheat, and must all go in the same pile, good and bad, “goose wheat”⁸¹ and “hard Fyfe.” Such a mixture does not bring the average value of the different lots, but only a little more than the value of the lowest grade, and the buyer can only pay for the best about the value of the worst. The buyer is unable to clean his grain, and he must ship it, dirt and all, and must leave a margin for that.

Again, a flat warehouse costs but a few hundred dollars; and where they are permitted they multiply until the station ground is covered, and until there are more buyers than the market will supply at a reasonable profit. If they compete, they are driven to cheating in weights or grades. If they do not compete, they divide their purchases and take a sufficient margin to afford a living for all. The usual margin among a lot of warehouses is from 10c a bushel upwards, unless they are able to make the nominal margin less by taking the difference out of grades or weights. At the elevator the margin is usually between three and four cents. This is according to my experience on grain roads, which has covered a period of more than twenty years. It is true that the elevator men sometimes take wider margins, and sometimes cheat, but they are more easily watched and controlled, and they have too much at stake to justify the risk. A threat on the part of the railway company to withdraw their protection has never failed, so far as I know, to have the desired effect, and to straighten out anything crooked.

The elevators are provided with separate bins for the different kinds and grades of grain and with cleaning apparatus, and are able to handle grain more cheaply, and to get much more value out of it, than can be done by means of any warehouse, and I feel sure that every farmer who has had experience with both systems will agree with me that, notwithstanding the occasional abuse of their opportunities by the elevator men, the elevators benefit the producer as well as the carrier, and should be encouraged and protected; and it is only by prohibiting the flat warehouses that we can secure the elevators. [...] The present rates for handling are two cents per bushel, as low as anywhere in the Western States.

“Two and a quarter cents”⁸² (October, 1886)

Hear what Pat Murphy has to say: “We have seen a number of old elevator men [...], who have handled wheat here and in the States, and they assure us that the cost of handling grain in an elevator does not cost more than three-eighths of a cent a bushel.” [...] Let us now examine the facts: the elevators in this city cost \$10,000, the interest on which at 12%, a reasonable rate on buildings and machinery subject to wear, is \$1,200. Insurance at 3¾% on this is \$375. It takes two men on an average to operate an elevator, whose salary is, say, \$1,000. It will take 100 cords of

⁸¹ Durum wheat.

⁸² From THE ELEVATOR MONOPOLY. (1886, October 6). *The Brandon Mail*, p. 1.

wood to last an elevator 8 months, the wheat season, which will cost at \$4, \$400. These added are \$2,975, and other incidentals will run the total to \$3,000. Last year there were a million bushels of wheat handled here, and this year the crop will not exceed probably 800,000 bushels, which divided among the five elevators will limit each one's handling to 160,000 bushels. Now, it will take exactly a cent and seven-eighths per bushel on this quantity to realize the \$3,000 of expenses found above. But a careful business man cannot run business on a margin of actual cost – he must calculate something on breakages, losses by accident, and the other three-eighths per bushel, will leave but \$600 for this. If the business runs on smoothly, this profit could be dispensed with, but as no one knows what accidents may occur until the season is over, it is then too late to make preparation to meet them. Will Pat Murphy kindly show where his three-eighths of a cent evaporates to in the face of the facts? [...]

It might, and it might not be to the interest of the people to encourage the flat warehouse system: but even if it was, it is no proof that 2¼ cents for elevators is the extortion it is said to be. As, however, the charge comes out of the buyer instead of out of the farmer, it cannot at all operate in the way [Pat Murphy] insinuates, against Brandon as a wheat market, as the parties who pay these charges will still have to pay the prices paid by the elevator proprietors, in order to secure any part of the business. [...] Doubtless, in places like Oswego, where large elevators have business to keep them running to their full capacity, day and night, the year round, they can be operated on a less margin than two and a quarter cents; but it is always reasonable to deal with such matters in their circumstances.

“Controlling factors in this business”⁸³ (December, 1886)

Going west from Portage the country is of nearly the same appearance until you reach Brandon, the next town of importance. It is situated on the banks of the Assiniboine and has one of the best locations in Manitoba. It shows the presence of that thrift and energy which will surely keep it what it is now – the chief town of Manitoba, excepting Winnipeg. There is a flour and oatmeal mill here doing a first-class business, also four grain elevators. You see grain elevators at every station along the line, the greater of them marked “Ogilvie & Co.,” who are the controlling factors in this business, making prices for all other dealers. Like the monopolists they receive hard words from the farmers and from their rivals, but the fact is that Manitoba owes much of her prominence as a wheat producing province to the enterprise of the Messrs. Ogilvie.

⁸³ From A MILLER ON MANITOBA. (1886, December 27). *The Montreal Gazette*, p. 4.

Report of the Royal Commission⁸⁴ (March, 1900)

The Royal Commission on the Shipment and Transportation of Grain was charged with investigating the elevator monopoly and other matters. It submitted its final report to Parliament in March of 1900. This report's summary of the elevator question follows.

After the year 1887, in which the crop was unexpectedly large, the number of elevators was greatly increased and they have gone on increasing in number since that time, being erected on the same terms as originally offered by the railway company.

We find that the grievances complained of have arisen largely from the above mentioned protection offered by the railway company to elevator owners to induce them to build elevators, which resulted in placing the shipping of grain at elevator points in the hands solely of the elevator owners. Owners of flat warehouses were not allowed to ship at points where elevators were erected, and their warehouses were practically done away with. No one desiring to ship grain in bulk could get it on cars otherwise than by having it handled through elevators.

The evidence shows that a standard⁸⁵ elevator operated at the price of one and one-half cents per bushel (the present rate charged for handling, cleaning and giving fifteen days' storage) and at which no grain bought by the owner is handled, would require to be filled three times in each season to make it a profitable investment to the party erecting and working it. There are too many standard country elevators in Manitoba and the North-west Territories to allow of each being so filled three times in a season. [...] There are, therefore, more elevators than can be operated at a profit if they handle and store grain for other parties only.

This inability to make a profit without three fillings per season is partly owing to the great cost of building and operating such elevators as the railway company require to be erected. As a result of the above, a country elevator can, as a rule, only be operated at a profit in Manitoba and the North-west Territories when the owner, in addition to storing and handling the grain for others, is himself a buyer of grain and in that way makes a buyer's profit on grain handled by himself in addition to the profit on storing and handling.

The parties, therefore, who built the standard elevators were chiefly, if not entirely themselves grain dealers, whose interest it was to buy grain rather than simply handle it for others.

While they were obliged to handle and store grain for other shippers and to furnish separate bins when possible, the conditions on which they built did not compel them to guarantee grades of grain shipped through their elevators. Though shippers were entitled to separate bins when possible, it was found in practice that this was unsatisfactory. The elevator owners having sole control of such separate bins,

⁸⁴ From Sirett, W. F., Lothian, W. & Castle, C. C. (1900). *Report of the Royal Commission on the Shipment and Transportation of Grain* [Sessional Paper No. 81a].

⁸⁵ Built to C. P. R. specifications.

shippers were often led by the grading of their grain at terminals to suspect that their own grain had not been shipped out for them or had not been kept separate from that of others. In many cases separate bins were not furnished, in which cases, grain stored in elevators for shippers became mixed with other grain and its identity got lost. The grain so mixed was, when shipped out for the shipper, often graded when it reached the terminals at a lower grade than that at which the same shipper's grain had been received into the elevator. This naturally led to a suspicion on the part of the shipper that the grain shipped out for him was of an inferior grade to that which had been received in for him, he knowing, where he had got a separate bin, that his bin had not been kept separate; but, having no guarantee as to grade, he had to be content with such terminal grading and with the price received for such lower grade. This has been a cause of much dissatisfaction.

The evidence has shown that where farmers' elevators have been erected, which do not buy, but only ship and store grain, complaints of the grain shipped out being a lower grade than that furnished, have been very few. As farmers' elevators, however, have to be standard elevators, the cost of their erection and management debars their use except in a few places. [...]

If a farmer, prior to 1898, did not ship through an elevator, his only alternative was to sell to some elevator operator for such prices as that operator offered and to submit to the weights and dockage which that operator allowed and imposed. [...] There were, and are, at most shipping points more than one elevator, so a farmer could generally choose to which he would sell. The evidence, however, shows that there is seldom any advance from other buyers on the offer made to a farmer by the first buyer he approaches. Of late years there have been combinations of elevator owners into large companies. This has resulted in fewer and larger elevator-owning corporations, which naturally tends to further decrease competition. [...]

Grain buyers, including elevator owners, testified [...] that they were satisfied as buyers with a margin of three cents per bushel between 'street prices' at country points and 'Fort William' prices, less freight and floating charges. That three cent margin, after deducting the one and a half cents for elevator charges, and one-quarter of a cent for insurance, would leave one and a quarter cents as the buyers' gross profit.

As a result of the refusal of the railway companies to take grain from a flat warehouse (which resulted in driving many small buyers out of the market), and of their refusal, until 1898, to furnish cars to farmers desirous of doing their own shipping, and of the consequent necessity of shipping through elevators, or of selling to the operators thereof, and of lack of competition between buyers, the elevator owners have had it in their power to depress prices below what, in our opinion, farmers should realize for their grain. It would naturally be to their interest to so depress prices; and when buying, to dock⁸⁶ as much as possible.

⁸⁶ To subtract a portion of the payment to account for impurities (weeds, dirt, etc.) in the grain.

“Brother Clay on the rampage”⁸⁷ (January, 1894)

Our dear brother Clay, of the Rapid City⁸⁸ Reporter, is after Messrs. Parrish and Lindsay⁸⁹ in a manner that would do credit to Dan O’Connell’s fish wife. It appears this firm have a contract with the G. N. W. C. R.⁹⁰ people that prevents the erection of flat warehouses where they have elevators, and that’s the offence that is moulding Clay into a mass of unquenchable fire. It is not that any other buyers can not purchase at points where their elevators are, and put their purchases through the elevator at 2 cents a bushel. Now, it is a well known fact that in marketing there is a difference of that much between cleaned and uncleaned wheat, and that being the case, the farmers are not losers by having their wheat put through elevators. The fact that no farmers under their corporate powers are now using the flat warehouses – that all are building elevators – is proof they are finding this true. In the controversy, then, the facts are all on one side and Clay on the other, which shows a very bad balance.

Again as P. & L.’s contact does not interfere with the erection of elevators, and as elevators are acknowledged by the farmers themselves to be the proper agencies through which to shop, the monopoly P. & L. possess is about as strong as Clay’s logic. But, says Clay, at some of these points there is not business for two elevators. Well, supposing so; if P. & L. are imposing on the farmers, the competing elevators would get all the trade, and no one would then suffer but the alleged monopolists.

“There is and has been an elevator monopoly”⁹¹ (January, 1895)

SIR, - I notice through the press there are to be a number of elevators⁹² created this year in this province⁹³ and the Territories⁹⁴. There can be no objections to this, but as there is and has been an elevator monopoly in this country for the last ten or twelve years, and no saying how long it may continue to exist, it would be as well to enquire before proceeding with the erection of more, “What benefits has the farmer and others received from the elevator monopoly?”

⁸⁷ From BROTHER CLAY ON THE RAMPAGE. (1894, January 11). *The Brandon Mail*, p. 4.

⁸⁸ Rapid City, Manitoba.

⁸⁹ William L. Parrish and W. J. Lindsay. In the 1890s, they would deal in potatoes, “North Dakota Flint Corn, Spring Rye, Flax Seed, Marrowfat and Golden Vine Peas, Tares, Millet, Hungarian, and Timothy. Also all Kind of Field Seeds, Seed Wheat, Oats and Barley for sale in any quantity.” Parrish & Lindsay. (1895, April 2). FOR SALE [Advertisement]. *The Manitoba Free Press*, p. 8.

⁹⁰ The Great North West Central Railway.

⁹¹ From FAIR PLAY. (1895, January 28). AN ELEVATOR COMBINE. *The Manitoba Free Press*, p. 3.

⁹² Grain elevators, used to ship grain on the railways. Farmers would bring their grain to the railside elevator, and the elevator would use machinery to load the grain into railway cars at a rate, by 1915, of about one car (1,000 bushels) every 90 minutes. This was much faster than loading a car by hand, and in 1895 railways generally required that grain be loaded onto rail cars from an elevator.

⁹³ Manitoba.

⁹⁴ The Northwest Territories. At the time they included what are now the provinces of Saskatchewan and Alberta.

It may be asked, “What does this elevator monopoly mean?” It means that the railway companies agree to give all those who build elevators at grain points in Manitoba and the Territories the monopoly of the same, and it does not matter whether the owners are honest or dishonest; all the deliveries of the grain for shipment must (for the farmers have no option) go through them and pay two cents a bushel for the privilege. From my knowledge gathered from inquiry, this elevator monopoly has been a curse and a fraud to this and every other country where it has been tried. Indeed, all monopolies are frauds, a burden imposed on the commonweal, and should never be tolerated in any form.

To prove this assertion, it will be necessary for me first to describe its operations across the border, and then take up its operations here. This elevator monopoly existed in Dakota and Minnesota for a number of years, until the farmers and others became so disgusted with the treatment they were receiving, that a commission was appointed to enquire into their grievances. This commission at once saw the injustice done to small dealers and farmers, who were not in a position to build a line of elevators costing four to five thousand dollars⁹⁵ each. Some farmers and small operators had built a few at certain points as an experiment, but which was of little value to them, as the large grain firms controlling a line of fifty – and some of them even a hundred – elevators would instruct their buyers at all opposition points to run the price up on these opposition buyers four to five cents a bushel above legitimate value, thereby in a short time killing financially these independent buyers, while they when taking all their points together purchased at a low average, and below value, and besides the farmers complained they were robbed most shamefully in weights. Finally, when they had succeeded in killing out all opposition and getting possession of the elevators, then the price went still lower and the farmer was completely at their mercy.

This agitation and enquiry caused the different state legislatures to pass the interstate law compelling railway companies to allow flat warehouses⁹⁶ to be erected, and to receive grain through them, and also compelling them to furnish cars to be loaded directly from the farmers’ teams with twenty-four hours to load.

The railway companies at first opposed this scheme, but lately they have become so convinced and pleased with this mode of handling grain that at many points they have built, or allowed to be built, long platforms so that a number of farmers can weigh and load a number of cars at the same time. This change has completely broken up the wheat rings and elevator monopoly. Instead of them now dictating to the farmers, the farmers can dictate to them by saying that if you do not pay the market value, and give us just weights, we will ship our grain to the best market of the country; consequently the prices are kept up to legitimate value less expense of commission at terminals. This has given general satisfaction to all, and a

⁹⁵ Very roughly, about \$140,000 in 2020 U.S. dollars.

⁹⁶ A simple warehouse with a flat floor, and little to none of the complicated machinery often found in grain elevators. The last remaining flat grain warehouse in Manitoba, at Brookdale, looks like a small barn with windows and a house-style door on one of its long sides.

very large number of the farmers have become shippers of their own grain with very satisfactory results.

I some time ago enquired of an American grain dealer how it was that frequently uninspected cars brought more money to Minneapolis and Duluth than inspected cars. He replied that they got these cars direct from the farmers unadulterated, as all wheat going through the elevators was skinned to a minimum by mixing⁹⁷ before shipping.

Having shown how things were managed across the border, I will now show that the same monopoly and tactics exist here to-day, only I think, if anything, in a worse form, and if there is not something done very soon, this grain trade will be handled altogether by a combination of dealers called syndicates, or wheat rings, and the large milling companies when combined control most of the elevator capacity of the country, and who agree on price from day to day.

There is a syndicate of six firms in this city who have close on one hundred and forty buyers⁹⁸ in the country, and who pool all the purchases with one firm here, but they represent themselves in the country as six independent firms. They generally have from two to four buyers at all elevator points (the number depends on the elevator capacity of the place), their object being to occupy all the elevators space so as to keep out all opposition buyers, which they generally accomplish. These buyers of the six-firm syndicate, milling companies and other firms who work together at prices fixed daily, at times will tear each other to pieces and make a terrible racket over who will get the wheat, but the funny part of it, none so active in tearing each other than are these six firms' buyers, all combined in making the farmers and others believe they are in earnest, but generally speaking the more noise they make the lower prices go. There is no danger of it going up; they know too much for that.

However, occasionally when one of the milling companies or syndicate think they are not getting their share of the deliveries, [fights] do break out in earnest, but this is soon arranged at headquarters and any loss sustained by this freak is made up in lower prices next day. All this is done to endeavor to hoodwink and humbug the farmers; the latter thoroughly understand it all, but being completely at the mercy of these wheat rings, what can they do but wonder in amazement at the duplicity and deception of mankind in general, but wheat rings and monopolies in particular?

Is it not an arbitrary law, this [...] dictation of railway companies to compel a farmer or dealer to pay two cents per bushel for putting through an elevator, when he could just as well and a great deal better – for it would be more satisfactory to himself and his customers who would receive the wheat unadulterated – to have it

⁹⁷ Suppose that an elevator received two shipments of wheat: one of extremely high quality, well above the requirements for the highest grade, and one of middling to poor quality. It would be possible to mix some of the low-quality wheat with the high-quality wheat, and still keep the resulting mixture of wheat 'in grade' – that is, meeting the requirements to qualify as the highest grade of wheat upon official inspection, and fetching the highest price.

⁹⁸ Many farmers were paid for their wheat at the grain elevator by buyers. This was open to abuse, as discussed below, but it also had advantages to the farmer – it ended their role in wheat marketing, letting them go right back to farming, and the buyers took on a lot of the risk with regard to price changes before the grain reached its final market, etc.

loaded direct into the cars and save this expense? Moreover, elevators do not assume or guarantee them what they will get [on] their wheat when shipping out. Indeed, I have heard many complaints of farmers and others who put through on one side of the elevator No. 1 hard⁹⁹, and besides “being robbed most shamefully in weights,” receive out on the other side rejected, and for that reason farmers and others invariably rather than take risk in shipping and standing inspection, sacrifice it to what power elevator monopolies have, and what advantages they have over other dealers. One might ask, if this is allowed to go on, what are other dealers to do? Is the wheat trade of this country going to be run [by a] combination of a few men?

In Dakota or Minnesota, the law or rule now is, “when a farmer or dealer puts grain into store, price of storage is fixed and the grade guaranteed, for which he receives a ticket which gives the grade, thus enabling him to sell the ticket to the highest bidder,”¹⁰⁰ while in Manitoba, a farmer or dealer when storing in the elevator only receives a ticket for wheat, and though he may have put in No. 1 hard, he may only receive out rejected.

Smutty¹⁰¹ wheat should never go through elevators, as the more it is elevated the more the smut balls break up, and the blacker it gets; it always should be handled through flat warehouses or loaded direct on the cars, then the farmer will receive better prices from millers and dealers here, and should they ship by rail east, will get from Ontario millers close on hard price, which would realize 2 to 5 cents per bushel above what they would get at elevator points here.

When the C.P.R.¹⁰² reduced their storage in Fort William¹⁰³ last September, many of the country elevators also made reductions, and a few of the milling companies and syndicates gave six weeks’ storage free. I am creditably informed that

⁹⁹ The highest official grade of Canadian wheat.

¹⁰⁰ By 1915, a similar system would be in place in the Canadian Prairies. Farmers who sold their grain at the elevator and agreed with the buyer as to the grain’s grade could receive a tradable *cash ticket* with grade and weight information on it. If they did not wish to sell at once, or had another buyer in mind, they could receive a *graded storage ticket* with a certificate of weight. In both of these cases the farmer’s wheat would then be pooled with all other wheat of the same grade at the elevator, losing its identity. If the elevator and farmer disagreed as to the grade of the grain, they could be issued a *special bin ticket*, and their grain would be kept apart from the rest, maintaining its identity until it could be graded by government officials at Winnipeg. Alternatively, since special bin space was limited, they could be issued a *subject to grade* ticket, which had the grade initially left blank. A small sample of the grain would be rushed to Winnipeg for inspection on the next train. When the official grade was received, the *subject to grade* ticket would be replaced with an ordinary storage ticket. For full details of this system as of the start of the Great War, see Piper, C. B. (1917). *Principles of the Grain Trade of Western Canada* (2nd ed.). Winnipeg: The Empire Elevator Company Limited.

¹⁰¹ Wheat damaged by a fungal infection that replaces the interior of wheat kernels with foul-smelling black spores, or ‘balls’. ‘Smut’ comes from the German word for ‘dirty’, ‘schmutzig’.

¹⁰² The transcontinental Canadian Pacific Railway was completed in the mid-1880s.

¹⁰³ Now part of Thunder Bay. The elevators discussed so far have been ‘country’ elevators. Railways took grain from country elevators to *terminal* elevators at Fort William and a few other points. These terminal elevators were forbidden from dealing in grain. They were responsible for storing, weighing, cleaning and shipping inspected grain (closer) to its final market on ocean-going vessels or, in some cases, rail cars. It was not uncommon for grain to be shipped from a Fort William terminal elevator to Goderich, Ontario, and from there to Montreal, from where the grain would begin an ocean voyage.

this free storage has proven so satisfactory to them that they are going to erect several more elevators this year for the farmers to store on the same terms. Can it be possible that farmers are made to believe that this is specially done for their accommodation? They should know that these companies never do this without having some selfish purpose in view, and that what they want is to get the farmer to store on any terms, and to get it into their possession without any condition of grade; then they will take good care to manipulate it so as to make more than double storage out of it.

At all times of the year, but more especially at the opening of the season, when the deliveries are large, the dealers encourage the farmers to store their grain by telling them that prices will be higher later on. Many of the farmers think so, and consequently do store large quantities, for which they generally receive wheat tickets or warehouse receipts. Even this warehoused grain need not necessarily remain in store, as they are continually replacing, and it may be shipped out with the ticket lots and road bills received the same day, which are immediately financed and cash received. The farmers are encouraged to persevere in delivering and holding, the longer the better, while the dealers are all the time making use of their money to carry on their operations. Indeed, it may be sufficient, as the same money is turned over half or probably a dozen times a month, and therefore as long as the farmers supply the needful, and plenty of it, there is no necessity for borrowing from the banks.

Finally, when the farmers are expected to call for their money as per arrangement of storing, the country markets seem to become depressed. Remember that combinations who work together when it suits them best, are powerful factors in affecting markets. It has become a science across the border, and the same tactics are pretty well understood on this side, and although I do not think that this large combination of milling firms and syndicates, who work on prices fixed daily, would tolerate such a thing, yet strange to say, what generally happens to many of us, at the very sickest time of the market the farmers are fun in to take their money. It does seem rough to think that after all these farmers have done for the dealers, bridging many of them over many a difficulty, that they are finally made to pay for their kindness. But they should have known when they accepted the temptation of storing, free or otherwise, they would be worsted in the end, and therefore when delivering their grain should have taken their money and used it themselves. They will be gainers every time, four times out of five, and with this combination five times out of five.

I do not think there is anything specially wrong in the combinations using the farmers' grain that was entrusted to them, except that it gives them money that does not belong to them, to control and monopolize the trade and enslave their benefactors. There is also a danger, when combinations are placed in this position, to over-speculate. We have an example of this when, about two years ago, the Minnesota and Dakota wheat rings and elevator owners speculated even on the wheat that they had granted two warehouse receipts [to], one to the farmers and one to the bank, when wheat and elevators disappeared causing financial distress and ruin to thousands, and no end of litigation, demonstrating the fact that wheat rings and elevator

monopolies are not infallible, and what may appear big concerns to-day may be small concerns to-morrow.

I did think that we would have in this country one business of many – the grain trade – which would be free from monopoly, but even this is being fast rounded up into the same grove, and if farmers and others do not wish to be slaves altogether to monopolies, there are only two courses left for them to pursue, and that is either to break it up or get out. There are no objections to milling companies, syndicates or combination of syndicates building all the elevators they like, but this grain trade should be left untrammelled and free to all to buy and ship as they like, whether through an elevator flat warehouse or direct into cars from farmers' teams. Then, and only then, can these monopolies be attacked in their strong holds, and then, and not till then, can justice be done to all. With these explanations of how things were run, and how they are run now across the border, and how they are run in this country, it will be easily seen how a combination of syndicates controlling the elevator monopoly and capacity of the country could easily and will control the price to their own advantage. Indeed, they hold the situation against all-comers, so that the farmers and others are completely at their mercy, and there is no saying what they might do and what they will do, as corporations and rings have no souls.

Could there be, backed by the powers that be, a more perfect system which would tend to make honest men thieves, and thieves more dishonest than they are, than this elevator monopoly? It will apply to all monopolies based on the same principles. I have no hesitation in saying that if elevator monopoly was done away with, and the handling of grain allowed to be free to all, and the farmers allowed to dictate instead of being dictated to, that they would be benefitted at least to the extent of three to five cents per bushel, which in the aggregate would amount to four or five hundred dollars yearly. This would pay for their farm implements, or at least go a long way towards it. So, if the railway companies are not prepared to remove this elevator monopoly and grant us similar terms to what they have in Dakota and Minnesota, then the Dominion or provincial government which over them has the jurisdiction of this question should see at once that these grievances are removed and justice done to all. Thanking you, Mr. Editor, for the space I have taken up.

Yours truly,

FAIR PLAY.

“The injustice of this elevator monopoly”¹⁰⁴ (February, 1895)

Dear Sir, - In your issue of Jan. 28th there appeared a letter headed, Elevator Combine, and signed, Fair Play. I don't know who the writer was, but he has hit the nail so squarely on the head on most points that I conclude he has had some experience in handling grain. And my object in writing is not to criticize, but to emphasize his remarks: the farmers have long felt the injustice of this elevator

¹⁰⁴ From Braithwaite, C. (1895, February 5). AGAINST AN ELEVATOR COMBINE. *The Manitoba Free Press*, p. 7. Written by Charles Braithwaite (1850 – 1910), leader of the Patrons of Industry (see note below) from 1891 to 1897.

monopoly, for where it exists a farmer has no alternative; he must put his wheat through the elevator whether he gets its value or not, either in price or in weight. I know it will be said, "Yes, but he can put it through and ship it himself." I answer yes again, but it rests with the warehouse man whether he gets his own either in quality or weight.

Now the Farmers' organizations, both clubs institute, and Patrons¹⁰⁵ have spoken about this seeming injustice. At the Patrons' convention in February, '93, the following resolution was unanimously carried:

"We the delegates representing 5,000 Patrons of Industry do hereby condemn all monopolies in elevator system of this country, and respectfully demand the right to load cars in bulk with grain at all stations, on all our lines of railway."

At the convention in January, '94, this was again endorsed. Meantime the government and railroads had been notified of our just demands.

Again at our convention last month it was passed upon; that we respectfully insist upon all Transportation companies to give us justice in the matter of loading and shipping grain, without being forced to put the same through private elevators.

Now Sir, you can readily understand how gladly we notice that the matter is being taken up by others, especially when we see by the press that it is possible the grievance is likely to be increased.

It was stated a few weeks ago that our large milling concerns, and our Manitoba wheat syndicate, were going to build fifteen to twenty elevators each during the coming summer. Now, the question is, are they going to be given this monopoly privilege? If so, I think it is time all classes began to figure out the possible consequences. We certainly give these concerns credit for their enterprise, and concede them the right to do anything lawful to advance their own interests, and the country might receive some temporary advantage by the spending of the money, and the creation of labor in a dull time. But when we consider what may be the result in future years if the heads of these concerns suddenly become as human as we generally find humanity under similar circumstances, and our farmers found themselves in the hands, and at the mercy of a large monopoly – then the game might come too high for the candles.

Now, some may think that we are assuming too much. I ask such this question: are these men prompted to do this from philanthropic motives? I answer no; it is business with them, and within their rights as citizens if they so desire, and the others are willing. But I contend that it is equally within our right to respectfully insist that no monopoly privileges be given, and that existing ones be removed.

And our Transportation companies must be influenced either by public opinion, or by legislative enactment to place all shippers on an equal footing, and allow farmers, or small dealers, to load cars with grain, either on track, from flat warehouses, or elevators, with, of course, reasonable protection for the railroads; hoping that an abler pen than mine will take this up since the cause is just and fair.

¹⁰⁵ The Patrons of Industry, a Manitoba branch of a cooperative farmers' political organization started in Ontario in 1890, which was itself patterned after Michigan's Patrons of Industry, founded in 1899.

“The farmers are opposed”¹⁰⁶ (February, 1895)

Farmers’ associations also owned grain elevators. As the letter below makes clear, they were aware of the effects of potential entrants on their profits.

Sir, - Referring to the letter you publish in your issue of the 5th, headed “Grain Elevator Combine,” we would kindly ask your attention to the fact that the farmers’ elevators all over the province and Territories are upholders of the railway companies in this matter, [and] in fact, in some instances to our knowledge, insist on every ounce of privilege.

As an instance, we, as a grain dealing firm, are perfectly willing to build a small elevator at Burnside on the C. P. R., but the farmers are opposed to our doing so, we presume on the grounds that it would take business from their elevator. The railway company says “We cannot grant you a site for an elevator of a smaller capacity than the present elevator, unless you get their consent.” The elevator company says, “We do not wish to consent because we can only pay a fair dividend as is, taking all the business, and unless the railway company had given us this protection we would not have built the elevator.”

This explanation is the same exactly as the one given by the railway companies. To obtain the storage capacity to protect the crop, it is necessary to adopt a certain measure of protection to the capital required for it, otherwise it will not be forthcoming. Some shareholders in farmers’ elevators who have not paid up their shares, may differ in opinion with those who have.

PHILLIPS & RICHARDSON.

McCuaig v. Phillips & Robertson¹⁰⁷ (December, 1895)

A surviving account of a lawsuit involving the authors of the previous letter sheds some light on the grain elevator business. John Farquhar Bain (1849 – 1905), co-founder of the Manitoba Historical Society, presided as judge.

The defendants purchased a quantity of wheat from the plaintiff and agreed to give him any rise in the market price to the 1st of May. On the 30th of April the plaintiff went to defendants in order to get a settlement for his wheat. [...]

In this action the plaintiff sued to recover \$547.73 which he claimed the defendants owed him as the balance of the price of 4535 bushels of wheat that he had sold to them.

On the 1st of April the plaintiff agreed to sell to the defendants 4535 bushels of wheat that he had in the elevator at Macdonald Station, and the written

¹⁰⁶ From PHILLIPS & RICHARDSON. (1895, February 7). FREE ELEVATORS. *The Manitoba Free Press*, p. 4.

¹⁰⁷ Taylor, W. A. & Patterson, G. (ed.) (1896). *The Manitoba Reports, Volume X. Containing Reports of cases decided in the Court of the King’s Bench and Court of Appeal for Manitoba*. Winnipeg: The Stovel Company. The case was argued on November 21, 1895, and decided on December 19.

memorandum of the agreement of sale, dated at Portage la Prairie, and signed by the defendants, read as follows:

“D. W. McCuaig by Phillips & Richardson. 4535 bushels of wheat ex. Macdonald, 53½ per bushel, F.O.B. cars, delivery taken before 1st June, grade 1 hard guaranteed.

	\$2426 25
By cheque on acc.	<u>2400 00</u>
	\$ 26 25

McCuaig transfers insurance to Phillips & Richardson, and Phillips & Richardson give him any rise in market price to 1st May.

(Sgnd.) Phillips & Richardson.”

The plaintiff transferred the warehouse receipt for the wheat to the defendants on receipt of the cheque for \$2400, and they afterwards had the wheat shipped out to their order. When the wheat came to be inspected only two cards of it graded “one hard,” the rest of it grading “one northern,” but the parties had agreed that if the wheat did not grade “one hard,” there would be the usual proportionate reduction in the price.

The plaintiff claimed that he was entitled to the highest market price up to and including the 1st of May, on which day the price had gone up several cents higher than it was on 30th April, but the defendants contended that they were only bound to pay the highest price at the close of business on the 30th of April.

BAIN, J. – Both parties agree that under the terms of the written memorandum the defendants have to pay the plaintiff the highest market price that prevailed at any time during the time limited; and they agree, also, that the “market price” means the price at Macdonald, where the wheat was when the defendants bought it. But wheat was higher on the 30th of April than at any other time during the month, and there was a further rise in the price on the 1st of May; and the question is, is the plaintiff entitled to be paid at the market price of the 30th of April or at that of the 1st of May? The defendants contend that the expression “any rise in market price to the 1st of May,” is to be taken to exclude that day, and they have paid into Court \$361.90, which, with the \$2400 they had already paid the plaintiff, they claim will more than pay him for his wheat on the basis of the market price on the 30th of April. The plaintiff, however, claims to be entitled to the benefit of the rise there was on the 1st of May. Of the wheat, 3235 bushels graded “one northern,” and the remaining 1300 bushels, “one hard.” Including the money paid into Court, the defendants have paid the plaintiff at the rate of 59c. per bushel for the “one northern,” and 61c. for the “one hard.”

I can fix the market price for wheat at Macdonald only by reference to the market prices at Fort William and Portage la Prairie; and the evidence shews that the price of the grade “one northern” is in a fixed and constant proportion to the price of “one hard,” which is the standard for the prices, and that the price at Macdonald rules a cent a bushel lower than the price for the same grade of wheat at the Portage.

In fixing the market price that prevailed on the days in question, I am guided largely by the evidence of Thomson and Armstrong, the managers at the Portage for the Lake of the Woods Milling Co., and the Ogilvie Co., respectively. They were able to speak of purchases of wheat themselves had made on these days, and their full and accurate knowledge of the wheat market cannot be called into question. They both agree that the price at Macdonald is one cent a bushel less than the price at the Portage. [...]

Whether the expression “to 1st May” is to be taken to be inclusive or exclusive of the 1st of May, is a somewhat perplexing question. [...] What I understand the parties to have intended is, that the plaintiff was to get the highest market price between the time the agreement was made and the date limited as the end of the period; and it seems more likely that [...] the word “to” in the present case should not be held to include the day named, but that the period intended expired on the 30th of April. [...] There will be judgment for the defendants with costs.

“A grain dealer’s point of view”¹⁰⁸ (February, 1895)

A good deal has been written of late about elevator monopolies. It may be of interest to the public to have it discussed from a grain dealer’s point of view. The system of refusing to place cars at the stations except the grain passes through an elevator is unjust, because it places shippers, no matter whether they be buyers or producers, in such a position that they are in the hands of, and at the mercy of the elevator men who may or may not be able to handle grain as it should be done, and whose greatest interest is often to freeze the party out who is doing so, and which as a rule sooner or later takes place. It is also unjust because it forces wheat that is smutted to be put through a place that is often not well fitted for it, and does it injury in addition to charging for the privilege of doing so. I claim that a man who has a good elevator at a station has enough of an advantage over the man who loads in cars without any monopoly, and if he cannot fit the bill then he should (as all other business men have to do) give place to a man who can. The large majority of the producers believe that they are made to lose money because of this rule and the only way to get the full confidence of the people is to throw the trade open to all on equal terms. Producers have often the opinion that grain men and railroad companies are all in league to rob them, and the chief cause is this obnoxious and unfair rule. The rule is also an incentive to the formation of elevators, because when a ring gets in control of the elevators at any one point then they have a monopoly indeed.

¹⁰⁸ From Nichol, T. (1895, February 12). The ELEVATOR QUESTION. *The Manitoba Morning Free Press*, p. 7. Written by Thomas Nichol (d. 1907).

“Much greater results will follow”¹⁰⁹ (September, 1895)

Many of the grain men have opposed the elevator monopoly since it was adopted in 1882. Whatever reasons there were against it then are ten times more forcible now, and there is every reason to believe that if a strenuous effort is made, the monopoly may be removed this fall.

No stone should be left unturned to attain this end, for every day the monopoly remains means a loss to the farmers. This is particularly true this year with the great and uneven crop which has just been harvested. There never was a year when there was so much need of wheat being sold by sample instead of grade. Nor was there ever a year when, for the sake of the sample, there was such a need of loading into cars direct. Take wheat in which there is just a suspicion of smut. If it is banged about in an elevator, the smut is broken up and blackens the wheat, reducing it one or two grades¹¹⁰. If it were loaded direct into a car, and carried to the mill, without transshipment, the miller could get from it a flour equal to the products of No. 1 hard.

Then, too, the wheat this year shades off into all divisions, which defy grading in the ordinary grades. The only way to get full value for such wheat is to sell it by sample, and this can only be done, so far as the farmer is concerned, by shipping direct.

In considering the benefits to be derived from the abolition of the elevator monopoly, the other day, the Tribune, by reason of the wideness of the subject, left out of consideration the gain which would be derived by the farmers through the increased opportunities it would give the grain commission men. These form a large and influential part of the grain trade, but their business would be quadrupled if the monopoly were removed.

To show how this would work, an example may be given. Owing to local reasons, during part of a season the C. P. R. permitted the shipment of grain at a certain Manitoba checkpoint without going through the elevators. A number of the farmers loaded their one, two or three carts of wheat and shipped them to Fort William, consigned to a Winnipeg commission merchant. The returns were satisfactory and the plan was more widely adopted. Then the elevator men, seeing their trade slipping away, raised a storm, and the monopoly came down on the poor farmer again. The difference between the price obtained through the commission merchant and that obtained from the elevator men, after the monopoly was re-enforced, was from 4 to 5 cents per bushel. That was one lesson, and the farmers of that locality do not need any further lessons on this point.

¹⁰⁹ From THE ELEVATOR MONOPOLY. (1895, September 11). *The Winnipeg Tribune*, p. 1.

¹¹⁰ “I beg to call your attention to what I consider the most unjust grading of wheat this year. I send you a sample of wheat which has as plump a berry as any I have ever raised in Manitoba, and yet, on account of a few – very few – smut balls, which have not lagged the wheat, has only been graded ‘rejected’ by our local buyers, and 32 cents offered for it. [...] This is by no means a solitary case, for there are dozens of other instances in this neighborhood where good wheat has been graded down 8 to 10 cents because there were a few balls of smut in it.” PIONEER. (1895, November 7). THE GRADING OF WHEAT. *The Winnipeg Tribune*, p. 6.

Another case which happened under similar circumstances was this: The grain buyers at the point where the shipping in cars was being done suddenly found that the farmers were not at all anxious to take their prices. Following the matter up, they came to the conclusion that a certain dealer was bidding 5 cents per bushel more than they were, the grain, as they supposed, being shipped by him in car lots. They investigated this case of supposed poaching on their preserve, and found that the dealer had not bought an ounce of grain, but had handled the farmers' grain on commission, with the result, however, that the farmers got a return of 5 cents per bushel more than they were offering. Down came the monopoly again, and this promising industry was squeezed out.

If such was the case in an ordinary year, much greater results will follow a similar course this year. As has been pointed out, a good deal of grain rests under the suspicion of being frosted. The unscrupulous dealer will try to get this from 5 to 10 cents cheaper on this account, whereas its real value has not been lessened by more than a cent or half a cent per bushel. Here, then, is a clear saving to the farmer if this can be sold directly to the miller by sample, either by the farmer or through a reliable commission merchant. If farmers continued getting better prices by direct shipping, it would not be long before the elevator buyers would come to the proper price. One dealer and owner of elevators told a representative of *The Tribune* yesterday that he had fought against this monopoly for years; it was wrong in principle and a restriction on the freedom of buyer and seller. In this country, when a man grows a crop of wheat he should have a right to market it without paying a tax of from \$12 to \$20 per car to a privileged class, the owners of elevators.

As was pointed out, too, in *The Tribune*, it greatly restricts the number of buyers and circumscribes the profits of moderate dealers. At present, no elevators are allowed to be built worth less than \$5,000. The moderate dealer must then confine himself to few special points, where he can secure elevator accommodation. For, from sad experience, he will not buy odd lots in a market where he has to trust to the elevators of his opponents. The wheat that would reach him under such circumstances would not make his fortune. Besides this, when one of the large companies built a new elevator at a point where they before had a flat warehouse, the flat warehouse was immediately pulled down to prevent competition. Several firms have endeavored this year to secure flat warehouses owned by a third party, and rented to one of the big concerns. But when the big one went up, the little one, by previous arrangement, was pulled down. It is also claimed that the only people who are allowed to put up cheaper elevators and to use horsepower¹¹¹ are the great firms.

In fairness to all, the monopoly should be abolished, and elevators of all sizes allowed. Then, as for cars loaded on the track, if farmers were inclined to be slow in loading, a time limit should be fixed, and for all delay beyond this, demurrage should be charged.

¹¹¹ "Horse power elevators' [are] [g]enerally old flat warehouses fitted up with elevating machinery but without cleaning apparatus, and chiefly owned and operated by milling companies for their own interests." Sirett, W. F., Lothian, W. & Castle, C. C. (1900). *Report of the Royal Commission on the Shipment and Transportation of Grain* [Sessional Paper No. 81a].

One gentleman of long experience in the business, and whose name, if given, would be recognized all over this province and Ontario as a synonym for honest dealing, made the astonishing statement that last fall the difference in price between places where there was real competition and where there was none, amounted in some cases to seven cents per bushel. "Do you suppose," said he, "there would be that amount of difference very long if we could have got in to take part of that trade? But we could not get in, because the elevator men would have shut us out every time. If this elevator monopoly had been done away with, we would have bought wheat in at least twenty-five more places than we did." Let the farmers ponder those words, which mean active and real competition in all the markets just as soon as the elevator monopoly is broken.

"Giving up the combine"¹¹² (September, 1895)

Mr. J. A. Mitchell¹¹³, secretary and manager of the Northern Elevator company, stated to a reporter of *The Tribune* yesterday that his company were anxious to get rid of the elevator monopoly. For the purpose of presenting this view to the C.P.R., Mr. Mitchell states that two meetings of the Grain Exchange have been called, but as yet without effect. The object of the company in this was that they would like to be free to handle their own grain, and not compelled to store for other people. Besides, if the monopoly were done away with, the company would erect smaller elevators and flat warehouses, and would be able to cover a larger field with the same amount of capital. At present they must erect 40,000-bushel elevators, but if the privileges were done away with, they would erect 10,000-bushel buildings, and thus be able to occupy four points for the same money that it now takes to occupy one.

Mr. Mitchell holds that the trouble with many members of the grain trade is that margins have been cut down from 8c. and 10c. per bushel to 2c. This is not enough for a man only handling 10,000 or 20,000, or even 40,000 bushels, and naturally they protest against the big firms and call them combines. All that the so-called combine has done has been to so reduce expenses that they can afford to handle grain on a margin on which smaller dealers cannot live. For instance, last year they handled 7,000,000 bushels. With a margin of two cents this left them \$140,000, but a small dealer would get so little that it doesn't pay him to handle it, and therefore, he squeals. The company operate at 85 points this year, and will, doubtless, handle even more grain than last year, as their expenses have been reduced to the lowest possible point; they can do it cheaper than anyone else in the country, and it is natural to expect cries of combine, but the farmers have no cause to kick, seeing they get the whole benefit. The Northern Elevator company are, therefore, quite as willing as anyone to get the monopoly removed.

¹¹² From GIVING UP THE COMBINE. (1895, September 18). *The Winnipeg Tribune*, p. 1.

¹¹³ Possibly the same J. A. Mitchell who was president of the Winnipeg Grain Exchange in 1893.

COMMERCIAL VIEWS

Even the Winnipeg Commercial [...] makes the following very significant admissions:

“There is one feature of the grain trade which has been the cause of a good deal of agitation, which the Commercial would like to see removed. We refer to the special privileges to country elevators. These served a good purpose in their day, in assisting Manitoba with a superb elevator system, thereby reducing the cost of handling grain. As the situation exists to-day, these special shipping privileges to elevators are the cause of a great deal of agitation and ill feeling against the grain trade, without any corresponding advantage to the trade. We believe these elevator privileges ought now to be dispensed with, and we do not believe that any of the leading shippers would place any obstacle in the way of their removal.

“We are aware that there was some manipulation in Manitoba markets last winter, and that for a time prices were paid far in advance of legitimate values. The Commercial never defended this manipulation, but we will say here that the farmers benefitted by this manipulation quite as much as the general grain trade. The farmers and the grain men were very much in the same boat at that time. Most of the farmers had sold all their wheat, but there was nevertheless quite a little wheat held by farmers, who received a big advance for it as a result of the manipulation of wheat. It is well known that the grain exporters did not carry over any wheat worth speaking of last year. They sold ahead right up to the close of navigation, and when the sudden advance was worked, just at the close of navigation last fall, the grain exporters were practically bare of wheat. Some held a little, and they made a profit on it, just as a few farmers held a little wheat upon which they realized a big advance.”

“Interview with Mr. Postlethwaite”¹¹⁴ (September, 1895)

Mr. Postlethwaite¹¹⁵, of Brandon, one of the members of the grain standards board, and himself connected with the elevator interest, thinks the elevator monopoly should be done away with. Speaking to a reporter of *The Tribune* on Monday, Mr. Postlethwaite said that perhaps looking at the matter generally the evils of the monopoly had been exaggerated, because where the people were active in looking after their own interests there was much more give and take on the part of the railway companies than was generally supposed. For instance, it was now understood that where the big companies were allowed to put up a horse-power elevator the monopoly did not apply, and if men protested for their rights they would be allowed to load on the track or through flat warehouses. The elevator companies in such cases give out the impression that the monopoly still holds, but he had been assured by the railway

¹¹⁴ From *FIXING THE GRAIN STANDARDS*. (1895, September 24). *The Winnipeg Tribune*, p. 5.

¹¹⁵ William Postlethwaite (1845 – c. 1923) owned grain elevators in Brandon, where he was chairman of the Patrons of Industry as of 1894. “Mr. Postlethwaite is an Englishman, born in Lancashire, England, in 1845. He came into this district [Brandon] in 1881. In England he was farming and also in commercial pursuits, but had always followed farming here.” *NOMINATED FOR SELKIRK*. (1894, May 31). *The Winnipeg Tribune*, p. 4.

authorities that such was not the case. One difficulty he had found, however, was this, that even where the monopoly did not exist it was almost impossible to get cars for flat loading. In one case he offered a man a certain price for his wheat loaded direct on the car. The man was ready to load the car in half a day, and on the day the train came up (it was on a branch line) he had half the car of wheat on his teams at the station, so that there could be no doubt of the car being full on the next day when the train went down. Though the company had been promising him cars for three weeks, and though they left cars for the elevators, they refused to give the farmer one, and he was forced to sell his wheat to the elevator company for a cent a bushel less than he had contracted to sell it to Mr. Postlethwaite. This was a place where competition is, comparatively speaking, keen, and where it is acknowledged the monopoly does not exist. In cases where the monopoly is in full force, as it is in most parts of the province, the farmer by being prevented from shipping himself loses much more than one cent per bushel. Taking it all round, Mr. Postlethwaite thinks if the monopoly were removed and commission men and small dealers were allowed to come in, and in a general way if we had free competition, it would make a difference of a cent and a half per bushel over the whole crop of the province.

“What do you think of this free storage of grain by the elevator companies?”

“They don’t store free. The offer is this. Store your grain with us and if at the end of a month you want to let us have it we will give you market price for it. If you sell it to some one else you pay storage at the usual rate. Now when that wheat is bought they give street prices for it. Now street price is just the track price with elevator charges deducted so that the farmer pays full elevator charges. If it were really stored free, he should get track price. Let me give you an instance. A farmer stored part of his grain free with a certain company and another part in another elevator where he was given [a] separate bin for his wheat. When he sold the part in the company’s elevator to that company he got 46 cents, or street price. But they were also anxious to get the rest of his wheat in the other elevator, and it being out of their grasp and free to be sold anywhere, they paid 48 1-2 cents on the track for it, or one cent more than the cost of storing at a cent and a half. He thus got a cent per bushel more for his wheat after paying storage in a farmer’s elevator than if he stored it ‘free’, so called, in one of the elevators of the big firms.”

“Is there much in the fact that when grain is stored the dealers send it forward and use the money it brings?”

“It just means that the dealer gets the use of the farmer’s money for the time the wheat is supposed to be stored. It’s better than bank accommodation because there is no interest.”

“For how much we do not know”¹¹⁶ (September, 1895)

Last year we had three flat warehouses in which to load and store grain, and a large quantity was shipped from here¹¹⁷. This year we had the promise of an abundant yield and a far larger quantity to market. Three companies signified their intention of erecting elevators. Among them was a local firm, who last year erected one in a neighboring town, and succeeded, as a well founded rumor has it, a few thousand to the good. [...] They built two more this year, thinking to get the trade of the three towns.

The other two failed to build here, and, through the influence of farmers here, a company from Brandon decided to build¹¹⁸. They had the material brought in and shipped as far as Melita, and the nails were shipped here, when one [representative] of this aforesaid local firm was dispatched with all haste to meet one of the firm at Melita, to use his influence with the firm, and, not being able to succeed with the one at Melita, proceed to Brandon and succeeded in buying the company over. For how much we do not know. Immediately all the stuff was re-shipped. The farmers then called a meeting and decided to build a horse-power elevator, and raised enough to do it, and sent a man to meet the lumber traveller at Melita. Before they arrived said man had received two telegrams from the said company to work him also. However, they are not to be beaten, we have hope, even in the face of the communication from a C. P. R. man, stating that we must put up nothing less than a 25,000 bushel capacity, and that we must have steam power, when, as we know, there are dozens of elevators of larger companies on their lines run by horse-power.

If this monopoly was broken, we would be relieved of the expense of building an elevator. If the present one did not give satisfaction in weight, we could use the warehouses.

“We don’t know anything about monopoly”¹¹⁹ (October, 1895)

Mr. S. A. McGaw¹²⁰, manager of the Lake of the Woods Co., was interviewed by a reporter of *The Tribune* yesterday on what is commonly known as the Elevator Monopoly.

¹¹⁶ From Bowen, W. C. (1895, September 27). THE ELEVATOR MONOPOLY. *The Winnipeg Tribune*, p. 4. Written by William C. Bowen (1849 – 1914).

¹¹⁷ Carievale, Saskatchewan.

¹¹⁸ “Carivale, Assa., Aug. 17. – Mr. Robt. Smyth, in company with Parish & Lindsay, all of Brandon, contemplate building an elevator here. We hope so.” CARIEVALE. (1895, August 24). *The Winnipeg Tribune*, p. 4.

¹¹⁹ From NEVER WANTED MONOPOLY. (1895, October 9). *The Winnipeg Tribune*, p. 1.

¹²⁰ Sam McGaw (1848 – 1916) died in a Lost Angeles car accident. “Samuel Alexander McGaw was born June 4th, 1848, at County Down, Ireland. [...] He received an ordinary commercial school education and at the age of thirteen he was in Western Canada helping to clear seventy acres of dense forest land, for which we can be truly termed ‘a pioneer’. He moved to Winnipeg in 1882, and was the representative of The Ogilvie Milling Co. in Western Canada. He had the distinction of having shipped the first cargo of wheat at Fort William, loaded by wheelbarrows. Mr. McGaw ‘roughed it’ in the early

“We don’t know anything about monopoly,” said Mr. McGaw, “and don’t want to know anything about it. We have never compelled anybody to use our elevators. We have put up elevators for our own use, and have never asked outsiders to use them. So far as we are concerned, they may load up on the track or through a warehouse, but I notice that wherever we have put up an elevator the farmers make use of it. Ever since the company was organized, we have gone on the principle of building elevators for our own needs and allowing others to use them or not as they see fit. The place where the monopoly is in force is where there is a farmers’ elevator. They are the ones who make the farmer put his grain through.”

“It has benefitted the farmers”¹²¹ (October, 1895)

Sir William Van Horne, president of the C. P. R., and party arrived in the city by special train on Friday. [...] The president of the greatest railway in the world was in exceedingly good humor, and with a smile as bright as the beautiful Winnipeg sunlight, he waited not for reporters to come into his car to interview him, but swung himself airily off the steps and came forward to meet them. He is looking exceedingly well, and as full as ever of restless energy. He had a cigar, which troubled him a great deal by going out when he stopped to talk, but he industriously kept on lighting it, much to the profit of some match manufacturer. After the usual greetings, the press man said: “Sir William, [...] you are probably aware that there has been a great deal of agitation about the elevator monopoly, and naturally the people are anxious to know what your views are upon it.”

“It is true that the C. P. R. is under no legal obligation to protect the capital of the men who have staked their money in furnishing the country with elevators, but it is under a strong moral obligation. The elevator system was arrived at by a course of natural selection, a survival of the fittest, of all the plans that have been tried in the wheat fields of this continent. This question has been discussed in the western

settlement of Winnipeg and is one of the pioneers of that section. He was six years with the Ogilvie Milling Co. before he moved to Winnipeg, seven years with the same company in Winnipeg, and then he started the western business for The Lake of the Woods Milling Co.; he was their western manager for a number of years and made their business a grand success in Western Canada. Mr. McGaw assisted in the formation of The Dominion Elevator Co., together with Hon. Lieut.-Gov. McMillan and R. B. Robbin in 1896, and remained with them until 1900, at which time he (Mr. McGaw) retired to form the Lake Huron and Manitoba Milling Co., who bought out the Ogilvie corporation mills at Goderich, Ont. In 1905 Mr. McGaw joined with Andrew Kelly, of Brandon, and formed The Western Canada Flour Mills company, of which McGaw became president and general manager, retiring only a couple of weeks ago [in early 1916]. The concern is one of the largest of its character in the Dominion of Canada. They have mills at Winnipeg, Brandon and Goderich, with a daily capacity of 6,600 barrels. Mr. McGaw was a member of The Manitoba club, The Carleton club, and was affiliated with the Masonic fraternity. He was married first in 1875 to Mary Miller and had seven children. [...] Mrs. McGaw departed this life in 1907. Mr. McGaw was again married in 1909 to Henrietta Phillips Miller, a sister of his first wife.” S. A. McGAW, WESTERN MILLER, KILLED IN AN AUTO ACCIDENT. (1916, February 10). *The Calgary Herald*, p. 1.

¹²¹ From VISIT OF THE C.P.R. PRESIDENT. (1895, October 12). *The Winnipeg Tribune*, p. 1. The title of this section is a sub-title of the original article.

states and after all kinds of expedients being tried, the people were glad to come back to the elevator system. And I say this, that the farmers of this country have got very much more for their wheat because of the elevators than if they loaded on cars or through a flat warehouse. Someone mentioned being allowed to load through a flat warehouse just now. Take for instance this year's crop. I am told there are sixteen grades. Now, what kind of attempt could a flat warehouseman make to handle a crop like this as it ought to be handled? He could make no attempt at all. A farmer's wheat must by physical necessity in a flat warehouse be thrown into the heap it most nearly resembles, and that heap sells for just about the value of the worst part of it. Now, an elevator is built exactly for this purpose, to make the most that is possible out of every grade of wheat. The grain is cleaned, it is put into a special bin and it is so handled that there is got out of it every cent it is worth."

"But," suggested one of the newspaper men, "suppose a farmer brings in his wheat ten or fifteen miles and thinks the price too low. He has no recourse but to draw his wheat back home or sell it for what is offered?"

"The answer to that is this, that as one of the considerations of being allowed to put up an elevator the owner is compelled to receive grain for storage so long as he has any room left. And again, if the crop were shipped through flat warehouses, there would be stealing from the farmer right and left. Now, you never hear of any robbing of farmers in weight through elevators, do you?" And Sir William's piercing blue eye went through the reporter as if the knight had said, "Do you ever hear of Canadian judges who take bribes?"

The reporter, however, summoned up courage enough to say, "There have certainly been charges of individual cases of that kind."

"Possibly, individual cases, but taken as a whole, the elevators are not robbing the farmer in weight. They are too careful not to do anything which will place them in the position of having their privileges withdrawn from them and possibly something more."

What the "something more" was, Sir William went on to explain. "There is evidently not much wrong, for there is Mr. Kerr¹²² to receive complaints and practically we hear of none. I may say that five or six times in the past complaints have reached us of injustice on the part of grain men, and in every case they have been probed to the very bottom." And Sir William probed into the air with his right forefinger with such energy that the reporters, having no desire to be treated like the wicked elevator men, moved rapidly if clumsily backward.

"Probed them to the very bottom," repeated Sir William, "and sifted thoroughly even though it cost us heavily. [...] If any one has any complaint let him make it to Mr. Kerr, and it will be attended to. Besides, looking at the matter broadly, you can

¹²² Robert Kerr, after whom the town of Kerrobert, Saskatchewan, is named. "Then there was Robert Kerr, who as a boy was connected with the old Northern Railway of Toronto, and in 1884 entered the service of the C.P.R., with headquarters at Winnipeg and afterwards at Montreal, filling the position of passenger traffic manager. He was the son of Capt. Kerr, an old steamboat man of Toronto, who was in command of the favorite Maple Leaf, which plied on Lake Ontario. [...] Robert Kerr served with great distinction during the civil war, fighting for the North." Ham, G. H. (1921, March 15). *There Were Giants in Those Days*. MacLean's Magazine, p. 15.

see there has been no real injustice. Since this country was opened up there has been shipped out all told 120,000,000 bushels of wheat, and the return to the grain men on this has not been more than 2 per cent. That is not too much. They have, it is true, at times bought wheat for five cents less than it was worth, but at other times they have paid five cents more than it was worth. The grain man is by his very business optimistic, and if he does make a little money one year he is sure to blow it all in the next.”

“But then, since this combination of buyers was formed, it is said, they practically fix the prices for the province and thus prevent competition?”

“It is true that there is a syndicate, but there are also two milling companies who have as many elevators as the syndicate, and I am rather of the opinion that they do very considerable [things] toward settling the price.”

“We need to fight this evil”¹²³ (January, 1896)

Pardon me for reviving this subject, if it may take space from some other interesting matter, but I think it is now, and ever, till we succeed ere another crop is gathered, that we need to fight this evil. The evils we have too clearly seen in the marketing of our past crop, especially on this branch of railway, where we have not the advantage of having buyers to represent the large milling firms.

At one point on the line we are informed a buyer of the Lake of the Woods Milling company paid 46 cents most of the fall, while at this point the highest was 38 and as low as 34 for the same.

Not that we will not use these same elevators, if we get the monopoly done away with, but it is only to ensure fair trial, by having some other way of shipping. Why not be able to load and ship to headquarters, and get all there is going for our wheat, barring the extra freight to these points, instead of being forced to sell here, where there are no buyers to keep up the price equal to that at points east, minus the freight?

There are other advantages would also be reaped as you all know, in the case of smutted wheat which the buyers on the slightest pretext will pronounce it “tagged,” throw their heads and bid 25 cents as if they were doing it then out as an act of charity.

Have seen wheat this season that, barring the smut, would be No. 1 extra, but had to be sold for 25 cents because it was slightly tagged. When if same party could load direct on car and ship with as little handling as possible to cleaning and scouring point would at least receive a third more for his wheat.

Another result. Where a local company own an elevator and other buyers using same, the small firm controls the others because of their dependence for room to store. A case of this kind took place here. The local firm not being very well liked the other buyers were getting most of the grain coming in. The consequence was this same

¹²³ From CONSTANT READER. (1896, January 29). THE ELEVATOR MONOPOLY. *The Winnipeg Tribune*, p. 2.

company communicated the fact to this buyer's company at Winnipeg and he was put off the market for a week, but had to go through the ridiculous farce of walking out on the street to meet farmers' loads but could not bid on same.

Another thing is noticeable. The bulk of the wheat bought at country elevators all grades one higher at grading points east.

Let us hear from others on these subjects, and keep up the agitation till we get redress. We farmers are in the great majority, why not be able to unite and demand a remedy?

“No means of escape”¹²⁴ (February, 1896)

Ten years ago, when, at such places as Glenboro¹²⁵, wheat was piled for weeks on the street, there was naturally a very loud call for elevator accommodation, and to secure it the C. P. R. had to concede certain privileges to the men who were willing to put their money into such an enterprise. The rate fixed for handling grain through these cars was not unreasonable when wheat was 60 or more cents per bushel. But when the same rate is charged for wheat worth now one-half less, the rate is worse to bear. But so are the rates of interest on borrowed money, and every debtor must still grin and bear it. But so long as the elevator man exacts only what is written in the bond, his claims are lawful if even they do bear hard on his customer.

But when this business arrangement is made [...] an engine of oppression, and the local farmer has no means of escape, the case at once assumes a different aspect. We hear now and then of farmers travelling several miles to get at one station two or three cents a bushel more than is being offered at their natural shipping place, because a little combine had been arranged by the local buyers. But in places where there is only one elevator in ten miles, and no alternative but to sell to the one man at rates, say 5 cents below fair value, it is high time to let in the daylight on the whole ugly business. Two elevator firms may become a neat little combine that will put a whole district at their mercy. [...]

When wheat has got slightly tagged by smut for want of proper bluestoning¹²⁶, a farmer, if allowed to ship to Port Arthur himself, could have it cleaned at a cent or two a bushel. But repeated handling will cut the value a whole grade or more, and wheat worth, say 32 cents, is reduced in value to 26. In the combine districts he must sell at 22, and any outside buyer who decides to enter that district finds such a neat little arrangement of buyers that he is frozen out, and his competition is killed off.

¹²⁴ From FARMER BROWN. (1896, February 5). FOR THE FARMERS. *The Winnipeg Tribune*, p. 3.

¹²⁵ Glenboro, Manitoba.

¹²⁶ Treating grain with copper sulphate (“blue stone”) to kill smut. “A young man who has got infected with my ideas about smut prevention sends me in a bag of good saleable wheat grown from seed so smutty that he feared to feed it to his stock. He used a pound of bluestone to eight bushels, and as much to a very bad sample of oats which he steeped a few minutes with a good clean crop following, while others less careful in their methods are in the hole, with a very foul sample of oats especially.” FARMER BROWN. (1896, December 28). FOR THE FARMERS. *The Winnipeg Tribune*, p. 3.

Some one will say that he may appeal to the C. P. R., who are always willing to give redress in such cases. That looks well enough on paper, but it won't work worth a cent, and if it does seem to succeed, prices are raised for a few days to full value and the invader must drop out. The interests of the railroad are identical with those of the settlers in this matter. The more prosperous he is the more traffic must follow and the higher will be the value of the railroad lands now for sale. But meantime the monopoly enables a greedy elevator man to bleed the country in ways that it is difficult to evade. The man who does it may be a very pleasant man to meet with anywhere else, but as a canny old Scotchman from out Carnduff¹²⁷ way told a friend of mine lately, "Man, ye wad think to look at them that butter wad na melt I' their mooth, but aince ye get atween their teeth ye ken where ye are."

I have heard of ants who make prisoners of other tribes of ants and feed and milk them as I do my cows. They find it pays best to treat them well and act accordingly. That is about the policy which the enlightened local managers of the C. P. R. have found most profitable in their dealings with farmers, the arrangement for taking grain payments for arrears being the latest instance of this principle and quite agreeable to all parties.

But a shark or wolf does not do business in this way. He hunts for blood every time. I was told to-day of one elevator man who combines in his own business three different functions. He is machine agent, banker (25 per cent. interest, of course) and elevator man as well. A veritable octopus, out of whose tentacles there is next to no escape. He has the law on his side all the time, and his victim is quietly squeezed till he leaves the country with a curse.

"An ominous growl"¹²⁸ (September, 1897)

From many different quarters there comes up an ominous growl this fall over the agitated question of elevator monopoly and combine of the grain companies. The line of charges seems to be that practically all the great wheat-handling firms in the province are working together, and that the union is so complete that not only can they handle the business at a minimum of cost, but that they are able to depress prices at many points, and thus make much more than the profit of the ordinary dealer. With this it is charged that at points where free competition exists, they pay such a high price as to shut out an independent buyer in a few days. As soon as he has departed, the price, it is said, is brought down to what they are giving in points where they have control.

To illustrate what is charged against the combine, it is stated that on Friday last, No. 1 hard was worth at Fort William from 97 to 98 cents. Taking off 14 cents for freight and elevator charges, at Brandon and freight rate points, the price that could be allowed is put at about 83 cents. Instead of this, it is claimed that at points where the combine was in power, the price paid was 78 cents. It is said that at points

¹²⁷ Carnduff, Saskatchewan.

¹²⁸ From ELEVATOR MONOPOLY AND GRAIN COMBINE. (1897, September 14). *The Winnipeg Tribune*, p. 5.

where are elevators, Carman¹²⁹ being said to be one of them, this was the price, while at places where there were no elevators, and where farmers loaded direct on to cars, that is, where there was free competition, as high as 84 cents was paid.

This state of affairs, it is claimed, is made possible by the elevator monopoly. That is to say, the rule of the railroads which prohibit a farmer loading direct on the cars where there is an elevator. This compels a farmer to put his wheat through the elevator, and rather than store it or ship it out himself, he usually sells it at the highest price offered. It is claimed that there would be no use in a farmer shipping out his wheat through an elevator, as the devices of the trade are so numerous and the facilities of an elevator so complete that the man in charge would be the greenest kind of "dub" if he could not see to it that the farmer would get less for his carload at Fort William than the buyer has offered.

As things stand, it is claimed that points which have no elevators are better off in price to the extent of 4 to 6 cents than those that have. This result is said to be brought about by the fact that places where there are no elevators are about the only points where the smaller firms who are not in the combine can operate. When a farmer loads his wheat into cars, it is open to competition. When he puts it into an elevator, it is practically in the hands of the elevator man. Space in elevators supposed to be operated for the public cannot be got by individual dealers, who are therefore forced to cease operating at such points.

It is also claimed that the combine has distributed its business among the larger banks which have branches and agencies in the country, and this business is of such large proportions that it can dictate to the banks when to shut down on small traders and drive them out of the business. This, it is said, has been done this fall, and that dealers who could get plenty of money last year to carry on their business are this year unable to get a dollar.

The saving made by the combine in its internal arrangements is said to be very great. For instance, it is said the large operators expected to have at least three representatives at New York, but they are getting on with one, a saving of two-thirds. Then in shipping, one man holding all the strings of the deliveries can push forward so many cars per day to Fort William to fill steamers chartered without delay. Besides this, it is claimed that a large number of buyers have been discharged, the men who run the elevators also buying the wheat. [...]

GRAIN MEN INTERVIEWED

Mr. F. Phillips¹³⁰, manager of the Dominion Elevator Co., was asked on Monday evening by a reporter of The Tribune what there was in the rumor of a combine.

Mr. Phillips replied that there was this much truth in it: that at some points where there were, say, three elevators, an agreement had been reached by the companies to take off the outside man, or touter, and let the man running the elevator buy the wheat. These outside buyers get \$60 per month salary, and at a point, say,

¹²⁹ Carman, Manitoba.

¹³⁰ Frederick Phillips (1857 – 1932). He would be president of the Dominion Elevator Company from 1900 to 1908.

like Carman, where there are three elevators, \$180 per month would be saved that could be put into increased prices for grain. This was the long and short of the extent of the combines.

It was pointed out that it was claimed that on Friday last when the price was 98 cents at Fort William, the combine depressed prices and bought wheat at 78 cents at points where they had control.

Mr. Phillips said he would like to bet anyone \$50 that he could prove that they did not pay less than 82 cents for No. 1 on Friday. Any man who bought for 78 was decidedly lucky, especially in view of the drop in prices since then. Mr. Phillips went on to say that possibly men who had expected a winter's work at \$60 per month, and found they were not required, felt pretty sore, and that probably a good deal of the kicking came from them. But if by any agitation the companies had to put those men on again, the only result would be that there would be so much less for the companies to spend on wheat.

Mr. Walker¹³¹ of the Manitoba Grain Co. said he had not heard of any combine, and as for depressing the price of wheat, he wished he could sell what they had bought so far at the price it cost them. This did not look very much like a combine. There was an arrangement by which at certain points where the elevators were small the companies agreed to get on with one man instead of two. These were mostly elevators fitted with gasoline engines, and which had no cleaners. Regarding the report that cars could not be got to load on direct at elevator points, he said this was wrong, for he knew of one instance where there are three elevators [and] farmers are loading direct on cars. This was at Elvia, Man. He also disbelieved the stories about small dealers being squeezed out by the bans. So far as he could see, every man who wanted to buy wheat could get money. He instanced the case of a man who had been working on a salary, but who had gone into business for himself.

“A manifest determination”¹³² (October, 1897)

The wheat combine is evidently getting in its work. There is a manifest determination to keep down the prices as low as possible. At present there are three incorporated companies buying in Manitoba. These companies have formed a syndicate in Winnipeg and control the whole business. Every day, and sometimes every hour, telegrams are sent to the buyers at all points in the province to pay one uniform price, and at points where there are no independent buyers these prices are rigidly adhered to. Hence the widely different prices paid at points where there are local mills or isolated independent buyers.

The determination to control the market was arrived at during the spring and summer. Independent contractors were bought out or absorbed whenever possible, and now there are extremely few points where the farmers are not at the mercy of this new octopus, whose arms reach out to every place where the wheat is marketed.

¹³¹ William Arthur Walker (1851 – 1905).

¹³² From THE GRAIN COMBINE. (1897, October 5). *The Winnipeg Tribune*, p. 3.

Were it not for the elevator monopoly, this outrageous abuse would be impossible. The railway companies refuse to receive wheat in any other way than through the spout of an elevator – where there is one – and this fact alone places the control of the market entirely in the hands of the syndicate.

An independent buyer goes on the market, buys extra No. 1 hard – there is lots of it this year – and is compelled to pass it through the elevator. What guarantee has he that he gets as good wheat out as he puts in? It is mixed with all the other wheat bought by the elevator man, and there are ten chances to one that an inferior article is loaded on his car. There is no local inspector. His elevator receipts afford him no protection, and he has to take what he gets or quit the business, and in many – too many – cases, he quits.

Take another example. A farmer has 5,000 to 10,000 bushels of wheat in his granary – all of first class quality. He has a personal connection with Ontario millers, who offer to take the whole crop at a good figure. He goes to the railway company's agent and asks for cars in which to make his shipment. He is told that he cannot have them, and is referred to the elevator man. There is no escape; he must pay the toll of 1 1-2c. a bushel. He may protest that he don't want to pass his wheat through the elevator, that it don't benefit him at all, that he wants to ship the very same wheat in his granary to his eastern customer. The company is inexorable, and he has to submit. He pays the unrighteous tax, hauls his good whet to the elevator, the cars reach their destination, and then the miller says it is not up to the sample on which he bought, and the farmer has to submit to a still greater elevator tax by having to accept a lower price.

It is no answer to say that he ought to have sold on Winnipeg inspection. He may have put extra No. 1 hard in the elevator, and the inspector may grade the wheat loaded on the cars No. 1 northern. The evil is done in the elevator at the point of shipment.

Almost universal dissatisfaction¹³³ (April. 1898)

As there is just now a great deal of discussion re elevator monopoly, I, as a farmer of fifteen years' experience, wish to give my views of such monopoly. There is no question before the public at the present time that should interest farmers so much as this anti-monopoly effort which is just now being made. [...] I openly assert that the dissatisfaction with the present system is almost universal among farmers. There are points in this province where, owing to the unfair dealing of the elevator men, a very large proportion of the farmers have been compelled to either submit to taking a grade lower than their wheat was, or to team it double and in some cases three times the distance to other points where they could get fair treatment; and this teaming wheat away from tributary points has been done with thousands of bushels. [Some have said] that dealers take risk of grade, and that weight and grade is

¹³³ FARMER. (1898, April 12). THE ELEVATOR QUESTION. *The Manitoba Free Press*, p. 10. The letter was sent from Lauder, Manitoba.

guaranteed to the farmers. I ask, whose grade is guaranteed? What a ridiculous statement to make to intelligent farmers; and yet I am surprised it has not been forcibly denied. I say they do not guarantee the grade of the inspectors, who are the only recognized graders. If a man applies for the position of buyer for any elevator company, he is given to understand very early in the negotiation that the elevator must come out safe, and in some cases I fear they come out a little too safe, although I have never heard of any refunds being made to the farmer. As it is in weighing, so it is in grading. If a load of wheat comes on to the market, and there is any doubt existing in the mind of the buyer as to the grade, he, of course, takes the benefit of the doubt and calls it a grade low; and in very many cases where there is no doubt as to the grade, he does likewise. What we as farmers want is to have our wheat shipped to Fort William. We do not want our wheat held in elevators for weeks or months, nor even minutes after it is put there. We do not want these long-suffering dealers to impoverish themselves by guaranteeing grades higher than what they get. We do not want a law that compels us to deal with men in whom we have no confidence. [...] We do not want to build flat warehouses or load our wheat on cars if we can get justice, and what we are intended to get from the elevator men; that is, to have our wheat cleaned and shipped without mixing it for one and a half cents per bushel, if we so desire. We do want the privilege in dealing, to have our wheat shipped in our own name, and stop dealers without capital from financing on car after car of wheat that they have not one cent invested in. [Some say] that if anti-monopoly legislation is passed, the elevator men can charge what they like; they will have no men on the street; they can close at all times of the year, and, altogether, it will be a sad state of affairs. [...] We are quite willing to allow elevator men to charge what they wish, also to close their elevators whenever they wish, for they have always done so anyway. And as for having no buyers on the street, we would esteem that a great blessing. To have half a dozen hungry looking buyers run a hundred yard foot race, and all get there at the same time and yell sixty-four or seventy-four at the same time, and then jangle and argue for twenty minutes as to who bid first, is no particular satisfaction to the farmer.

The Elevator Bill¹³⁴ (May, 1898)

Before the Railway Committee on Monday, Dr. Douglas¹³⁵ (East Assiniboia) announced that he and the C.P.R. had reached an agreement regarding the Elevator bill. The bill as amended will give every farmer privilege to ship wheat through flat warehouses. Cars must not be detained for more than two hours; for every additional hour the company may charge 50 cents. The bill as amended will abolish the elevator monopoly against which there has been much and well-grounded complaint.

¹³⁴ From The Elevator Question. (1898, May 5). *The Regina Leader*, p. 8.

¹³⁵ James Moffat Douglas (1839 – 1920).

“So long as it is ended.”¹³⁶ (May, 1898)

The Bill annihilates the cause of the agitation which led to the initial proposition, namely, the elevator monopoly. For our part we fail to see that it matters much how the monopoly is ended so long as it is ended; and the privilege of the flat warehouse will end the monopoly. [...] The monopoly was not bad because it forced the wheat into the elevators; it was bad because it gave the elevator managers a cinch which beyond a shadow of a doubt was used in certain cases to the detriment of the farmers. As the wheat had to be shipped through the elevator, the elevator manager could afford to be careless in his treatment of the farmer. Otherwise it was a good provision which compelled all the wheat to go through the elevators. It would be bad for this country if any considerable portion of the crop was shipped out uncleaned. The farmers are well aware of this fact. They do not object to the elevator charge of 1½ cents per bushel, – at least no sensible farmer would object to it if he were reasonably certain of obtaining just treatment from the elevator manager. When he is not satisfied with the local buyer’s grade and price, he wishes to be able to ship his wheat to Fort William. Under the monopoly he was not allowed to do so. He could ship a like quantity, but could get no guarantees that he would be able to sell his own wheat at Fort William. When his wheat disappeared into the home elevator its identity was lost. This was the main grievance under the monopoly. When the farmer is free to ship apart from the elevator, the elevator manager will be careful to treat the farmer in such a way as to ensure the shipping of the wheat through the elevator. The farmer wants to use the elevator. The certainty of fair treatment will enable him to use the elevator. The privilege of the flat warehouse will ensure fair treatment. So far as we can see, therefore, the compromise bill remedies the grievances.

“There should be the most perfect freedom of trade”¹³⁷ (July, 1898)

A meeting of representatives of the Central Farmers’ Institute, farmers, and independent grain dealers was held this morning and resolved:

1st. That in all matters of commercial interest there should be the most perfect freedom of trade.

2nd. To give any individual, corporate body, or any class of men engaged in business of any kind, privileges whereby they can unduly burden or levy more than a legitimate profit for capital and labor expended upon those doing business with them, is clearly subversive of justice and unconstitutional.

3d. To further compel a citizen to do business with such individuals or corporate bodies as may avail themselves of the full measure of such privileges, and that without recourse, is injurious to the best interests of the people as a whole, and is insulting to the free spirit of the Canadian people.

¹³⁶ From DOUGLAS’ ELEVATOR BILL. (1898, May 12). *The Regina Leader*, p. 4.

¹³⁷ From FARMERS ORGANIZED. (1898,

4th. And to further allow a corporate body owing its existence to the laws of the people of Canada, to make such unjust regulations as to compel business to be done in a certain way with certain individuals, clearly in violence of the authority and power conferred upon them by the laws of the people of Canada which gave them existence, is intolerable and cannot be permitted to exist any longer.

5th. We hereby declare that the elevator monopoly (made possible by certain regulations enacted by certain railroad corporations in this western country) is clearly a question coming under the complaints above set forth, for the following reasons, which have been abundantly proven to be true. Certain individuals have erected elevators along the lines of different railways in this western country, and

(a) have been allowed to make charges, sometimes exorbitant, for passing grain through their elevators, without being compelled to guarantee grades or weights of grain handled;

(b) Sometimes by reason of the above, the shipper of grain has made heavy losses, which has led to the desire for competition in the way of loading grain direct on cars from vehicles through flat warehouses, or inexpensive elevators, with the purpose of cheapening the cost of shipping grain and keeping wheat in its original condition as to weight and quality;

(c) On account of certain regulations enacted by the railroad companies, elevators having storage capacity of 25,000 bushels known as "standard" elevators, can only be erected, and in addition to this, as a protection promised to the builder of a large elevator certain railroad companies refuse to provide cars except for such elevators and thus creating a monopoly.

Whereas, the foregoing conditions of trade have arisen out of certain elevator restrictions put into operation by the railway companies which are contrary to the laws of Canada.

And whereas, the farmers and other shippers in this province have submitted to these unjust and illegal regulations since the opening of this province for settlement, and in no case have attempted to take legal proceedings for enforcing the legitimate rights in the shipment of their produce; and whereas the railway companies have not shown any inclination up to the present to remove the regulations complained of, forcing us to the conclusion that as long as we endure these restrictions we will get no relief therefrom.

And, whereas, during the recent session of the Dominion house of Commons the C. P. R. made an attempt to place these unjust shipping regulations upon the statute books of the Dominion, thus threatening to take away the very ground upon which one might be able to contest our case in court.

Therefore it is resolved that a permanent organization be formed for the purpose of securing to the farmers and shippers of grain in this province all the rights and privileges that are legally due to us under the present Canadian laws, and in accordance with shipping conditions which obtain in all other provinces of the Dominion and in nearly every civilized country on this globe.

“Farmers Conquer”¹³⁸ (August, 1898)

It now seems that the Manitoba farmers have triumphed in their struggle with the elevator monopoly, as this vexed question has been settled in favor of the grain producers. Manager Whyte¹³⁹, of the Canadian Pacific Railway, has made an announcement that commencing with the 1898 crop the company will allow farmers to load wheat direct from the wagons to the cars, the only stipulation being that the latter shall not be detained an unreasonable length of time. Heretofore, the farmers have been at the mercy of the elevator monopoly, who bought their wheat at their own prices, graded it to suit themselves, and producers had to submit or lose the sale of their products altogether. It is not likely that much loading will be done by the farmers directly to the cars as they will not be in a position to dictate terms to the monopolies and secure better ones from the fact that if these are not granted, they can ship direct for themselves and have their wheat graded and priced by an official inspector at Fort William. It is certainly an advantage to use the elevators, as they have special facilities for cleaning and handling grain. The advantage of cleaned wheat as an advertisement for the Province was urged in defence of the regulation. But the provision that the sellers must use the elevators and submit to the grading of the buyer always was counted a hardship, and its removal will be regarded with general satisfaction.

“The excellent results that followed”¹⁴⁰ (December, 1898)

Mr. Wm. Tracy¹⁴¹, a prominent farmer of the Elm Creek district, called at the Tribune office on Thursday to express his gratitude for the manner in which the paper had fought the elevator monopoly, and to show the excellent results that had followed the securing for the farmers of the privilege to land their grain directly on the cars without being forced to put it through the elevators.

Mr. Tracy said the privilege had proved an inestimable boon in his district, and had resulted in farmers obtaining from five to seven cents a bushel more for their wheat than if they had been forced to sell it through the elevators. In his own case, he had 2,154 bushels of wheat to sell, and the very most the elevator men would give him was 56 or 57 cents a bushel. He would not take it, and insisted on getting cars and loading directly on to them himself. The result was that he sent his wheat to Fort William and obtained 63 cents a bushel for it. So that to Mr. Tracy alone, the privilege of loading directly was worth about \$150 in cash, and Mr. Tracy says that other farmers he could mention, saved money at the same ratio.

¹³⁸ From FARMERS CONQUER. (1898, August 1). *Vancouver Daily World*, p. 5.

¹³⁹ Sir William Whyte (1843 – 1914). “In addition to being a director of the C. P. R., Sir William was a director and vice-president of the Winnipeg Electric Railway Co., a director of the Imperial Bank of Canada, the Confederation Life association, the Manitoba and Saskatchewan Coal company, and other Canadian enterprises.” *Creates Vacancy*. (1914, April 15). *The Calgary Daily Herald*, p. 13.

¹⁴⁰ From ELEVATOR MONOPOLY. (1898, December 9). *The Winnipeg Tribune*, p. 3.

¹⁴¹ William Tracy (b. 1859)

He mentioned the experience of Robert Kennedy¹⁴², of Carman, who had a large amount of wheat to sell. The most that the elevator men would pay him was 47 cents a bushel, and Mr. Tracy advised him to get a car of his own, load directly and forward his wheat. He ordered the car, and when the elevator men saw what he was doing they came down, and he received 57 cents a bushel.

Another evidence of the beneficial effect of taking the power out of the hands of the elevator owners and placing it in the hands of the farmers, is the fact that while the elevators last year charged a cent and three-quarters a bushel for putting the wheat through the elevators, Mr. Tracy knows of cases where they do it for three-quarters of a cent a bushel. The privilege of loading direct had had the effect at Elm Creek of closing the elevator this year, there not being sufficient business to keep it going, farmers finding it much more profitable to ship direct, without the intermediary of elevator owners.

Railways on the Manitoba Grain Act¹⁴³ (November, 1907)

The Manitoba Grain Act required the Canadian Pacific Railway to furnish cars to individual farmers. The C. P. R. regarded this as the source of “evil effects”.

Surely some remedy must be found for the evils that have so long existed and are continuing to exist in the most aggravated form in connection with the handling of the grain in this western country.

Almost from the time that we commenced to export wheat there has been serious friction and serious trouble and in addition serious loss to the raisers of grain in the handling of the crops every fall. The annual complaint of shortage of cars crops up in its most bitter form every season and at the present time we have the same trouble to face. Complaints from all along the line of the shortage of cars come to us with persistent frequency.

The railway companies on their part, while generally admitting that they do not possess the full complement of rolling stock that the situation demands, raise the contention that the law governing the handling of wheat is so administered as to hamper them in their efforts to handle the grain in the most expeditious manner. For instance, Mr. Whyte, the 2nd vice-president of the C.P.R., makes the following statement regarding the situation:

“The great weakness of the Manitoba grain act,” said Mr. Whyte, “is that its framers had evidently been so strongly seized with the idea of protecting the grain growers against the railway companies and the elevator operators, that they evidently overlooked the rights of the latter to be protected against the abuse of privileges by the grain growers. In any event it is certain that no adequate provision was made which would give the railway companies such protection, and as the years go by the original spirit of the act, which was intended to be simply a check on the elevator operators, is being more and more abused by those it was designed to protect.

¹⁴² Robert A. Kennedy (b. 1865)

¹⁴³ From PUBLIC OWNERSHIP OF ELEVATORS. (1907, November 20). *The Winnipeg Tribune*, p. 4.

From year to year the farmer has discovered new weak spots in its provisions of which he may take advantage with impunity, to his own individual advantage no doubt, but with equal certainty to the disadvantage of the farming community as a whole.”

Mr. Whyte goes on to detail the experience of his company as follows:

“When it is pointed out that during the season of 1905 the Canadian Pacific was able to get 82 per cent. of the cars available at grain stations loaded per day, for the season of 1906 this had dropped to 63 per cent., and that this season we will average under 50 per cent. of available cars loaded per day, the evil effects of the act become apparent. In other words, it is evident from the above figures that it is taking, this season, 160 cars to get the same result that 100 accomplished two years ago. This downward tendency can be ascribed to no other cause than to the working of the act.

“Innumerable examples of the gross abuse of the act, or more properly speaking of the working of the act, for it provides no restrictions that will prevent these abuses, might be given. [...] At one town in Saskatchewan,” continued Mr. Whyte, “something over 800 applications had been made for cars. It was known by all that a large percentage of the names were fictitious. In fact, it was common talk that the order book contained the names of most of the school children in the district. The agent, in conformity with the grain act, was compelled to wade through this sea of names, getting a proportion of the cars loaded, but in many cases placing the cars uselessly, only to cancel the order after the car had been held the required length of time. Every such case, needless to say, costs the railway company money. The situation finally became so acute that the warehouse commissioner was asked to investigate the matter by one or two bona fide applicants. He did so, and many of the names which had been used to ‘pad’ the order book were cancelled. No prosecutions followed, however, as the practice was so widespread it would have involved the whole community. In fact, it seemed to be the feeling that if the case had to come before a jury at that point, there would not be found enough men themselves innocent of the practice to try the case.”

It may be, and probably is, as Mr. Whyte charges, that abuses exist. In the one under discussion, however, it seems to us that the railway agent at that particular point could have exercised his discrimination and common sense in allowing entries to appear in the book. He must have known that many, if not most of them, were fictitious, and would he not be within his rights in declining to allow the entries to be made?¹⁴⁴

¹⁴⁴ “That is just it, Sr, the agent should have used a little common sense and refused to put down the fictitious names, and he would have been within his rights. I quite agree with Mr. Whyte, that abuses exist, and that there are farmers who take a mean advantage of any weak spot in the Grain Act. Just as there are railway companies who take a mean advantage of any weak spot in a law or charter with impunity, to the disadvantage of the whole country. But Mr. Whyte makes so sweeping a statement, and one would infer, from the statement, that it is the farmers in general who look for weak spots in the law, so they can take advantage of them, but I beg very much to differ with Mr. Whyte, and make bold to state, that ninety per cent. of the farmers try to live up to the true spirit of the Grain Act. But there are a few, who look for flaws in the act to profit by them, just as there are railway companies who look for flaws in any act, so they can profit from them.” Noble, W. (1907, December 10). The Grain Act. *The Winnipeg Tribune*, p. 4.

“Reminiscences of the grain question”¹⁴⁵ (July, 1907)

The new settler is not very long on his claim in Western Canada before his eye is attracted to such terms in the public press as “Elevator Monopoly,” “Grain Combine,” “Car Shortage,” “Grain Act,” etc. Everywhere he is met with references to the prevailing conditions and circumstances of debate between the farmer on the one hand, the grain dealers and transportation companies on the other, and his curiosity is aroused to know something of this long-standing, ever present issue in the west, generally described as the “Grain Question.”

In order to satisfy in some measure that curiosity, as well as to indicate to the western farmer, what the writer deems to be, the most simple, natural and feasible plan of avoiding many of the vexatious grievances and losses which the farmers sustain in the disposal of their crops, the following recollections of the past and suggestions for the future are submitted.

ORIGIN OF THE DIFFICULTIES

When the terms of the agreement by which the various provinces entered confederation in 1867 became known, and it was revealed that a transcontinental railway was to be constructed across the great western prairies, in fulfillment of one of the terms of confederation, and there was a prospect of the opening up of these vast plains for settlement, giving the opportunity for the products of its fertile soil to be turned into gold in the markets of the world, there began a general movement westward of all lines of business, industry, financial institutions, professional men, laborers, skilled and unskilled. Each of these appear to have acted upon their own judgment as to what profit or remuneration for services rendered was due to them, and fixed their prices and fees accordingly. None faced the risk of success like the farmer was obliged to face them, and perhaps no class faced the hardships of pioneer life more bravely, more cheerfully, more hopefully, than the settlers upon the lonely plains.

First came the Canadian Pacific Railway company with its public franchises and gifts to the value of \$215,000,000, according to an estimate made by the United States Interstate Commerce Commission in 1892, given to assist in the construction of a railway costing \$83,000,000, according to the company’s own estimate. The government press at that time drew attention to the enormous undertaking of the railway company, and declared that the said company were entitled to the sympathy of every patriotic Canadian citizen. They got it. Not only in a sentimental way, but also in a still more practical way, in the shape of bonuses which the government bestowed upon them. We were asked to figuratively “hold our breath” in suspense while the construction was going on, lest the great national enterprise should fail in the formative stage of its career. The company, however, took the matter more coolly; they didn’t hold their breath, but instead held meetings, allotted stock and voted dividends to themselves during the same trying period. A later and retrospective view disclosed the fact that instead of the company running any risk whatever in opening

¹⁴⁵ From Old-Timer. (1907, July 6). REMINISCENCES OF THE GRAIN QUESTION. *The Winnipeg Tribune*, p. 12.

up the west, they might have, on the completion of the road, made a present of it to another company for operating purposes and then realized about \$100,000,000 in net profit on the construction of the work alone.

FREIGHT CHARGES

Nor did this enormous prospective profit soften to any appreciable degree the rules, regulations and exactions of the company, in its treatment of its slipping patrons. While the company were the recipients of such beneficent public gifts, they did not allow their management to forget that they were expected to be "up to date" American railway men, and they did not forget. One of the most important rules of modern railroading consists in the imposition of freight charges high enough to be "all that the traffic will bear." That this rule was introduced into Western Canada there is abundant evidence to show. The first grain rates introduced by the C. P. R. from western Manitoba to Lake Superior were in the neighborhood of 50c. per cwt., or 30c. per bushel.

In 1884 the company apparently became convinced that they had overshot the mark of what the farmers could afford to pay on the shipment of their grain. Realizing, doubtless more clearly than the farming community itself did, the impossibility of conducting farming operations successfully [while] handicapped by such heavy freight charges, the company reduced the rates to something more reasonable.

An issue of the Winnipeg Free Press of that year contains the following news item: "The C. P. R. Co. has just issued a new wheat tariff, making heavy reductions. Following are some of the new figures: Regina to Port Arthur, 40c. per 100 lbs. Virden to Port Arthur, 36c. per 100 lbs. Winnipeg to Port Arthur, 25c. per 100 lbs. Manitou to Port Arthur, 30c. per 100 lbs."

Some reductions followed in 1886, as the schedule of that year indicates: Winnipeg, 28c. per 100 lbs. Reaburn, 29c. per 100 lbs. Burnside, 30c. per 100 lbs. Alexander, 31c. per 100 lbs. Indian Head, 33c. per 100 lbs. Treherne, 30c. per 100 bs. Cartwright, 31c. per 100 lbs.

All rail rates of the same year: Brandon to Montreal, 52c. per 100 lbs. Winnipeg to Montreal, 50c. per 100 lbs.

In comparison with the foregoing, it might be well to consider some of the present grain rates to the lake: Winnipeg, 10c. per 100 lbs. Reaburn, 12c. per 100 lbs. Burnside, 12c. per 100 lbs. Alexander, 14c. per 100 lbs. Indian Head, 17c. per 100 lbs. Treherne, 13c. per 100 lbs. Cartwright, 13c. per 100 lbs. Regina, 18c. per 100 lbs. Virden, 15c. per 100 lbs.

On examination of these schedules it will be found that the present grain rates indicate a reduction from the rates of 1886 amounting to about 65 per cent of that tariff, about 60 per cent on the tariff of 1884, and nearly 70 per cent on the first freight charges imposed by the C. P. R. Co. on opening the road for business in the west. In other words, the present tariff is about 30 per cent of that first introduced by the company.

It will thus be seen that it took the railway companies nearly a score of years, reluctantly dropping rates from time to time, to find out the point at which a measure

of prosperity could be introduced into the farming business sufficient to induce immigration to pour into western Canada, to buy up the railway's lands, raise increased crops, furnish a greater supply of profitable traffic for the railway lines, and swell the dividends and boom the stock values of the transportation companies. Whether by design or otherwise, this has been the result to the railways of the reduction in freight on the farmers' produce. It will be well for the latter class to remember that the companies have shared to an enormous extent in the general prosperity that has attended agricultural operations in recent years, and also that at least some of the reductions made in rates have been bought with public funds, or through heavily subsidizing competing lines of which cost the farming community will have to pay the largest share.

I merely mention these things in connection with the railway company's treatment of the western farmer, to show that there is no particular call for farmers to spend much time looking out for the interests of the railway company at farmers' conventions, as the railway business has ample brains to look after its own affairs, and ample capital to purchase the use of more, were it necessary.

HIGH INTEREST IN EARLY DAYS

About the period when the railroad construction was under way, the chartered banks appeared in the west with their 10 to 12 per cent interest; the private banks, 12 to 24 per cent interest; loan companies, 8 to 10 per cent; then the legal and medical professions appeared and fixed their fees at what they deemed commensurate with the cost of living, and enhanced profits of the mercantile lines.

Now the west is ready to do business. Oh, no, not quite! On looking around, it is discovered that somebody is wanted to go forth on the plains to till the soil in order to extract therefrom the wealth so necessary to sustain all those mercantile, industrial, transportation and financial institutions, with their prearranged rates and prices for goods designed more for the purpose of acquiring wealth without loss of time, than merely to supply the needs of the consuming public.

So the farmer is invited to come and participate in the glorious things the west has in store for its people. He came, he saw, and was conquered. One glance at the soil has been sufficient to satisfy thousands that there must be gold in the rich, black loam of the prairie, and they have come without delay to take possession. Little inquiry was made about the other important conditions essential to success. The Ontario man, hearing something about the mercurial plunges toward the bottom of the thermometer in the northwestern winters, may have asked how far it was to the nearest bush good enough for fuel. Some others may have sought information regarding the conveniences of schools, churches and villages. Perhaps not one man in a hundred made inquiry as to the freight rates that would be charged on the products of his farm, in getting them to the seaboard, and not one in a thousand had any accurate conception of what margin of profit there would be in his prospective farming operations.

Had inquiry been made of some shrewd business man as to what the profits were likely to be in farming in the west, the answer, judging by the prevailing sentiment of the time, might probably have been given as follows:

“Why, you’re a farmer, aren’t you? What right have you to be considering profits? That’s only for business men to regard. Yours is an occupation, and you are expected simply to stay on your farms and farm. Put six horses in charge of one man; put as many acres in crop in the spring as time will permit; raise as many bushels to the acre as you possibly can, and blacken up as much prairie during the summer season for the next year’s crop as your limited powers will permit. Hustle is the keynote of success in your line, not profit. You’ll get a living if you take it out as you go; you’ll get wages for your toil if you exercise a judicious amount of self-denial and economy, and you’ll get all the profit that remains after all other institutions with whom you do business have collected what they consider their share. You’ll come out of it all right if you’ll only just hustle.”

Many old timers will remember how in the early days large farms which were attempted to be run on business principles failed, while the hired man, who had labored on the large farm for a couple of years at good wages, got hold of a quarter or half section near by, and worked his way eventually to prosperity. One reason why the large farmer failed was because conditions surrounding farming operations were of such a character as to render farming as a business almost certain of failure. This goes to prove that anything made at farming in those days was not so much as a result of business tact or shrewdness, as the outcome of economy, self-denial and hard labor.

An Englishman with some considerable capital undertook to farm in a business way in the vicinity of Souris in the Eighties. He did little or no labor himself – the bulk of it being performed by well paid proxies. After running the farm for two or three years, he was asked by a friend how he was getting along in this new country. He is reported to have said in reply:

“Oh, very well, thank you. Last season my crop had a slight touch of frost. I sold for twenty-eight cents a bushel; it cost me fifty cents¹⁴⁶ to grow it. This year I sold for forty cents a bushel, but it only cost me forty-five cents to produce it. Still, I like farming in this country, only it’s so doused expensive, don’t you know.”

This Englishman’s experience, as well as nearly every other man’s who went at it in a similar way in the early days, goes to show that had the incoming settlers for about the first fifteen years from ’83 been men of shrewd business acumen, accustomed to carefully weigh the prospects for profit in their venture before investing their capital, there had scarcely been a settler west of the Red River until within the past decade, when freight rates have been sufficiently reduced and the cereal values increased to enable the farmer, with the abundant crops of recent years, to make a reasonable profit on his farm. But in the earlier period of emigration, it is safe to say that had the prospective settler carefully measured the costs of producing, threshing and marketing his crops against the net proceeds in money after the elevator operator, grain dealer and transportation companies had made their rather

¹⁴⁶ “A man named Dalbin, connected with a local colonization company in the Souris district, was examined before the Immigration and Colonization Committee to-day. He said that if the farmers had railway communication it would pay them to grow wheat for fifty cents a bushel.” PARLIAMENT. (1885, February 28). *The Manitoba Daily Free Press*, p. 1.

extensive reductions from the foreign market price of his products; he would have been a brave man indeed to have faced the enormous risk of having his capital ground out between these upper and nether mill-stones of commerce.

ELEVATOR MONOPOLY

Not satisfied with the millions reaped and to be reaped out of the Dominion resources by way of profit in the construction of their main line; not satisfied with an expected twenty years of railway monopoly in the west, provided for them by a lavishly indulgent government at Ottawa, and apparently not satisfied with the imposition of freight rates up to the standard of "all that the traffic will bear," the Canadian Pacific Railway company, in order to save the company from having to provide storage or shipping facilities for the farmers' grain, as well as to escape the large expenditure for rolling stock, entered into arrangements with millers and grain dealers, whereby those latter were to erect elevators of standard capacity at the railway company's stations to receive the farmers' grain. In return for so doing, the elevator owners were to be given the exclusive right of shipping grain at all such points; the railway company agreeing not to receive grain for shipment in bulk from the farmers.

In this manner the railway monopoly became the foster parent of the elevator monopoly, guarding its youth against the countless appeals and protests of the farmers for redress from its iniquitous exactions. Freight rates on building material for elevators were cut in two, and every encouragement held out by the railway company to induce grain men to build elevators. Of course the railway officials made it quite clear that the elevator owners were obliged to conduct a square, honorable business with the farmers, or they would have their leases cancelled and their elevators closed from doing business. But such was the kindly interest of the railway company in the elevator monopoly that, notwithstanding the vast number of charges brought against the elevator companies by farmers during the sixteen years of elevator restrictions, with perhaps one solitary exception lasting for a few days, no lease was ever cancelled, or any serious attempt made to redress the wrongs inflicted upon the farming community by the elevator monopoly.

COMPROMISE BILL

On the accession of the Laurier government to power, an effort was made by Mr. Douglas, one of the western members in the Dominion house, to secure a betterment of conditions for the farmers in the west by legislation at Ottawa. During the time the Douglas measure was before the house, the Canadian Pacific Railway company made an effort to not only render the bill abortive of the well-meant project of its author, but attempted in an indirect way to legalize the elevator restrictions. By the amended measure a system of demurrage charges was authorized, finding the farmer shippers who were loading direct, at the rate of 50c. an hour for each hour's delay over about the usual time that was taken in loading by an elevator. Thus a farmer might find \$6 or \$8 charged up against his car, before he would have an opportunity of loading it in daylight. Strenuous efforts on the part of western representatives succeeded in having this bill withdrawn.

DIRECT LOADING

Finally, after years of supplication for deliverance addressed to the railway company [and] local and Dominion governments, and seeing that the railway company had decided to make an effort to legalize elevator restrictions, which had been in existence about 16 years, the Manitoba Central Farmers' Institute, in 1898, acting in conjunction with the independent grain dealers, as those not owning elevators were called, inaugurated a movement to force by legal procedure the abrogation of the rights of the elevators to control the shipment of grain. This movement was scarcely organized when Mr. Whyte, the manager of the Canadian Pacific Railway company, issued a circular containing the following announcement:

“Commencing with this year's crop, the Canadian Pacific Ry. Co. will furnish cars to producers of grain to be loaded direct from wagons, provided there be no unreasonable delay about loading the cars.”

Thus was won the first important concession from that combination that had held the western farmers subservient to the elevator monopoly for about 16 years. It was readily seen, however, shortly after, that the object of conceding the right to load direct was given solely for the purpose of heading off an organization designed [for] the purpose of contesting the question of shippers' rights in the courts, and rather than have revealed to the public, especially to the farming community, their full legal rights as shippers, the company thought best to grant this concession and thereby keep the matter out of the courts. In this they succeeded. As time went on, however, it was disclosed that the direct loading concession had been given with great reluctance, and only those farmers who strenuously insisted upon their rights secured cars in this way.

ELEVATOR COMMISSION

Then followed the elevator commission¹⁴⁷, appointed by the Dominion government for the avowed purpose of securing accurate knowledge of the farmers' complaints, and of recommending a remedy therefor. After taking evidence from all parties interested, the commission reviewed the same, and made their report to the government, advising the passage of the Grain Act to remove the cause of all the farmers' grievances in the shipment and sale of their grain.

The following propositions were placed before the commission as a simple and doubtless effective remedy for the difficulties complained of:

(A). The erection, by the railway companies concerned, at every railway station in Manitoba and the Territories at which grain is offered for shipment, of a platform as high as the average grain car floor, long enough to permit of the loading of three cars at once; the use of such platform to be given to all shippers of grain applying for same, free of cost to the shipper. The platforms to be extended if the demands of shipping require it.

(B). The creation, by the various railway companies concerned, at every railway station in Manitoba and the Territories at which grain is offered for shipment, of a suitable building adjacent to the siding consisting of four bins, each

¹⁴⁷ The Royal Commission on the Shipment and Transportation of Grain submitted its report to Parliament in March of 1900.

bin having a capacity equal to the largest grain car used by the company. Shippers to have the free use of such bin for accumulating a carload of grain – not for storage purposes. The railway company to extend such building to meet the demands of all shippers desiring to load grain in this way.

(C). Seeing that the value of screenings of wheat at Fort William and Duluth exceed the cost of the railway company's carriage of such screenings from interior points to the lakes, freight charges upon grain should be computed upon the net weight after cleaning at terminal elevators.

(D). A supply of rolling stock by the railway company equal to the demands of traffic.

(E). Bulletin publication of Fort William and Duluth prices of wheat daily at each wheat shipping station in [the] interior, by the agent in charge.

(F). The publication at each station of duties of the agent and other local officers towards shippers.

(G). Forty-eight hours allowed for loading [a] grain car of 40,000 pounds. Extension of time proportionate to capacity of car. \$1 per day demurrage for over time.

These simple provisions were turned down by the farmer members of the commission, for reasons known to themselves, and the much more complicated, expensive and ineffective reproduction of the Minnesota state law substituted, for such the Grain Act is, about which the president of the Winnipeg Grain exchange had the following remarks to make in his ensuing annual report:

“It was a tribute to the importance of the grain trade and to the growth of our exchange, that the principles under which we had worked for so many years, have been codified in the bill and marked by the approval of the government, for after all there is nothing very new in the Act.”

Whether this comment on the Grain Act¹⁴⁸ by the president shows a correct version of its grain exchange origin or not, it would appear to have been agreeable to the membership, as it apparently passed the annual meeting without challenge. In so far as it is true, however, it is a serious reflection upon either the integrity or intelligence of the farmer members of the elevator commission, who were induced to recommend to the government the codification of the grain exchange principles, which had caused the chief grievances in question, and this in the face of the much more simple, just and effective remedies proposed by the representatives of the Manitoba Farmers' Institute.

An erroneous impression seems to have possessed the farming community during the earlier years of settlement in the west, that contracts entered into between the railway companies and the elevator owners, were perfectly legal agreements, and

¹⁴⁸ “Briefly put, the purpose of the Manitoba Grain Act was to free the producer [...] by allowing him to load his wheat direct on cars, through flat warehouse or however he chose. [...] The full benefits of the Manitoba Grain Act [...] have never yet been completely enjoyed by the producer, partly because of the car shortage, partly because the railways deliberately ignored the most important portions of it, and partly, and very largely indeed, because many farmers know nothing of the relief the Act contained, while many others who did know were not in a position to enforce and enjoy it.” Motherwell, M. R. (1903, April 2). THE GRAIN GROWERS. *The Regina Leader*, p. 9.

consequently some legislation had to be passed in order to remedy the evils of the elevator monopoly. But nothing further was necessary at any time from 1882 to 1900 but to enforce upon the railway companies and grain men the demands of existing law. As a result, however, of the wrong impression prevailing, now that the Grain Act was passed, thousands of farmers thought that the protracted struggle for liberty and justice had ended. But in this they were soon undeceived, for notwithstanding its provisions, the railway companies and elevator interests still continued to disregard the law, remaining true to their former practices up to the limit of the active opposition of the farmers. Cars were distributed with the utmost unfairness to the farmer, and all the old tricks of the grain business, with the addition of a few new ones to suit the altered conditions, were in a state of activity up to the limit of what the farmers would endure. The only provision in the Grain Act of 1900 that was of any practical utility to the farmer was that compelling the erection of a loading platform by the railway companies. The amendment¹⁴⁹ providing that cars be distributed without discrimination against the farmers, was a concession wrung from the railway companies at the cost of introducing, in its incipient stage at least, a legalization of car shortage, as the amendment makes provisions for a shortage of rolling stock in such distribution – a provision in railway law found in no other part of the country, and probably in no other country on the globe, and [which] without doubt, applies to no other class of freight, except the farmers' grain.

A few years' experience since the Grain Act was amended, with the same or somewhat similar grievances continually arising, some of them more than ever intensified by the increasing shortage of cars, should go to convince the western farmer that the passage of legislation alone will not remove these grievances. There must be adequate enforcement, as well. To accomplish this, under the circumstances, would require a small army of detectives and peace officers.

To summarize the matter, there are three distinct lines of business interested in this question – the railway companies, the grain dealers and the farmers.

THE RAILWAYS

The railway companies like the elevator method of handling grain – they liked it in '82, they like it still. No legislation will dissolve their affinity for the elevator system of handling grain, and favor it they will at every opportunity that presents itself, law or no law. When they granted the right to load direct from wagons, they

¹⁴⁹ “Under the railway act, as it stood when the present government assumed office, railways were obliged to furnish cars when ordered. Mr. Sifton, in the amendments to the Grain act last May, introduced a new principle. The railways were merely to supply cars ‘without undue delay.’ Farmers were not to get them on a date named in advance, but were to take them when they came along. [...] Yet, according to another clause, carefully attended to by the ‘earnest group,’ if he does not load his car within 24 hours of its arrival, he loses his right to use it. This is awkward for a farmer living six or seven miles from the siding, and still more for one who lives ten or twelve miles away. A good part of the twenty-four hours is likely to pass before he learns that his car has arrived. Then he must upset the arrangements he has made for his day’s work, drop whatever he is at, and do what he can to load the car or cars in the part of the twenty-four hours remaining. Very often the whole twenty-four hours will have passed before he hears that the car has come.” THE “WITHOUT UNDUDE DELAY” CLAUSE. (1902, December 3). *The Winnipeg Tribune*, p. 4.

would not allow any mechanical contrivance to be used for handling the grain – [they] made the work as hard as possible for the farmer, in order to drive him to the dump scales in the elevator. Similarly, when the flat warehouse was obliged to be permitted, they would not allow any more expeditious implement to be used in handing the grain into the warehouse, or from the warehouse into the car, than a common scoop shovel. I suppose there would have been no objection to a teaspoon or butter ladle, because these are of the right size as compared with the scoop to suit their ideas as to what would be appropriate, but nothing larger or more efficient than a scoop would be permitted under any circumstances, as that might make the flat warehouse more popular than the elevator. The idea of tamely submitting to these hampering tactics of the railway companies in regard to work, that the companies were not interested in, either by doing the work themselves or paying for its being done, is perfectly abhorrent to any liberty-loving citizen, and the men who sought to inflict it upon the farmers would not have stood it themselves for one hour. The only excuse that the company can furnish for so doing is the desire to hinder and discourage any cheaper method of getting grain into cars than by their pet toll-gate system, the elevator. It is perhaps only fair to say that for the past two or three years, the railway companies have in some cases given permission to load cars with horsepower, or gasoline engines operating simple elevator machinery, but everything permitted to be done by the railway company in the way of using any cheaper scheme is done very reluctantly indeed.

[Is it] strange that the company should take this view of the matter? Not at all. The railway man's ideal of traffic success is the maximum carriage of shipments at the minimum of cost. Get along with the least possible rolling stock; pull no unnecessary empties; have lots of goods awaiting shipment all along the line – this will help to ensure return loads – postpone shipping facilities until a carload accumulates; to take the place of rolling stock, encourage another party to erect large store houses for grain, which the party of the second part for good reasons is willing to do, so long as the party of the third part (the farmer) is willing to pay for them; by absence of rolling stock force the grain into the elevators in the fore part of the shipping season; then, when the elevators become filled, throw the blame for the car shortage on the farmers taking such a lot of time to load cars at the platform. Next, agitate for a change in the Grain Act to allow the elevators to obtain a larger number of cars than the farmers in the legalized distribution. It is rather remarkable that delay in loading ten per cent of the grain, the amount F. W. Peters, of the Canadian Pacific Railway company freight department, claims to be loaded direct by farmers, should have such a disastrous effect upon the loading of the 90 per cent as to be responsible for almost the entire annual car shortage. Supposing that 10 per cent of the rolling stock were set apart for farmers loading direct, which is all the act permits, or were even put out of commission altogether; would that represent the amount the company would be short of supplying the demand of shippers? Not by a long way. But the plea is a specious one, to assist the railway companies to get back to the old monopoly methods of shipping grain once more.

THE ELEVATOR OWNERS

In referring to the grain exchange, it is only fair to say that its course in the past has been chiefly due to the wishes of the dominant element in the exchange, principally elevator owners, who seem to form its ideals, guide its policy and control its action. There are a considerable number of grain men who do not agree with these rules and regulations, while obliged to give passive consent to them as a minority, submissive because they are a minority.

The more or less scattered grain men of the earlier days soon found that the elevator method of handling grain, combined as it was with the restrictions compelling all the farmers' grain to pass through the elevator, possessed a great number of advantages to the grain men, advantages capable of producing great expansion of profits through various devices and "tricks of the trade", which surrounding conditions afforded, than by any sense of justice to his more or less confiding patron – the farmer.

Whether by accident or design, nearly all the elevators of the early days were constructed so as to weigh only before cleaning, hence dockage¹⁵⁰ for dirt had to be guessed at between buyer and seller. The buyer, having the more experience in the matter, usually having the grain in his possession before guessing began, having the right to make out the ticket, and having a fairly easy mark to deal with, generally got his way in the "guessing" contest, and of course, he "guessed" safe in the interests of his firm, who were not backward in reminding him "to be sure to make his weights and grades hold out". A similar "guessing" bout took place in regard to grades, under about the same conditions, and with the same results, the operator "guessing" nearly a grade safe for his company. I contend that when a farmer loads direct from the platform, even when the inspector gives him all the justice that the Inspection Act provides, he loses on the average about 2 cents per bushel on his grain, but when he sells on the street to an elevator firm, he gets the extra disadvantage of the operator's "guessing", as well.

Of course, this command element in the Grain Exchange have, on several occasions, given sworn testimony to the lofty standard of business honor and integrity which characterizes the transactions of the exchange members, who according to

¹⁵⁰ "Owing to the large average acreage sown and the large average of grain grown by each farmer, and to the shortness of the season for harvesting and marketing the same, and to the scarcity of harvest hands [...] most farmers find it impossible to get in time to clean their grain at home. As a result, the great bulk of the grain has to be shipped, or taken to the elevator, in the same condition in which it is received from the thresher, that is with more or less admixture of weed seeds and dirt. The grain has, therefore, to be cleaned at some elevator. The amount taken off the total weight of the grain for loss by such cleaning is known as 'dockage.' In some cases the dockage necessary is determined by the buyer estimating the percentage of dirt and seeds per bushel in any load of grain offered to him. In other cases the dockage is arrived at by first cleaning the grain in the elevator and weighing the balance of clean grain. In other cases again, the dockage is arrived at by the buyer weighing a pound of grain on a scale especially made for the purpose, and then cleaning this pound of grain by use of a sieve and re-weighing the cleaned product, the beam of the scale being constructed to show the percentage of loss. This percentage determines the dockage to be taken from the whole wagon load of grain." Sirett, W. F., Lothian, W. & Castle, C. C. (1900). *Report of the Royal Commission on the Shipment and Transportation of Grain* [Sessional Paper No. 81a].

their own statements apparently only live to protect the farmers. It is well that they have done so, otherwise the farmers might have had an erroneous impression regarding their honor. In the face of these solemn declarations, they could not for a moment condone any direct appropriation of the farmers' grain, and the result of safe "guessing" on the part of their elevator operators, amounting to a trifle of 1,000 to 6,000 bushels per country elevator per season, must therefore be held to be more an accident of the business than a hold-up of the farmers' goods. Besides, it is possible that they would return surpluses to the farmers if they only knew how much belonged to each, but in the absence of this information, how could they? Therefore, the only alternative is to hand it over to the charity which has the reputation of "beginning at home". Some people might think it singular that many examples of excessive dockage have arisen since the Grain Act obliged the giving of tickets showing gross tare and net weight of all grain received. The farmer's own weighing, however, compared with the grain man's ticket, has frequently revealed the fact that some tolerable safe "guessing" had been done before the gross weight had been put on the ticket, the tare being taken off in addition. But this might be due to the operator's early acquired habit of "guessing" coming into activity unconsciously.

RIGHT IN THEIR MITT

Oh, yes; the grain men were not long in falling in love with the elevator system – it was right in their mitt, so to speak. They liked it in '82 and they like it still. While the elevator monopoly lasted, there was only one small "fly in the ointment" of their happiness, viz., competition among themselves in the purchasing of the farmers' grain. But even in the early days there were grain men who possessed hopes that this obnoxious "insect" might be removed. The grain exchange was formed. Taking a leaf from the experience of the large combines on the other side of the line, the dominating elements of the grain exchange proceeded to eliminate competition, by either getting all individual elevator owners into the exchange and subject to its rules, or by compelling them to sell their elevators to the line companies who were already members of the exchange. Many of these independent elevator men, after selling their elevators, rented bins from other elevator firms and struggled to continue business in this way for some time. But, finding themselves handicapped by the rules and methods of the elevator owners with whom they were in competition in the purchase of grain on the street, and who had control in the handling of the grain of both, in the elevator, they turned their attention to buying car lots from the farmers shipping through the elevators, and afterwards they became track buyers, when the elevator restrictions were removed in 1898.

ORIGIN OF GRAIN DEALERS' ASSOCIATION

As time passed, and the shipping in car lots by farmers increased the number of commission dealers on the exchange, the dominant elevator interests discovered that they had interests in common, which were not shared in by the commission men; hence the elevator firms formed another organization within the exchange, called the North West Grain Dealers' Association¹⁵¹. This association, having the street buying

¹⁵¹ "By this time (between the years 1890 and 1899) farmers in Manitoba and the settled portions of the Territories, began to get on their feet financially, and with more time at their disposal, began

almost entirely to themselves, proceeded to arrange that part of the grain buying in a manner to suit their own tastes. The prices are arranged in Winnipeg for each point; one telegram sent to one elevator operator conveys to the whole of the street buying concerns at that point the price to be paid for the farmers' grain until further advised. This is absolute and imperative. To make this plan work out entirely satisfactorily, the receipts of the farmers' grain are pooled, so that should one elevator firm take more grain than the others, a division has to be made to equalize the amounts. The North West Grain Dealers' Association were thus getting near their ideal in handling the farmers' grain, when they observed that the commission men were engaging local merchants, implement agents, etc., to buy farmers' car lots on track, giving them a small salary or a 1-4 or 1-2c. per bushel on their purchases. This had a tendency to encourage shipping by farmers, owing to the fact that the latter generally prefers to deal with a man on the spot, whom they know, than with a strange commission firm in Winnipeg with whom they have had previously no dealings. Not only did this result in the farmer being paid too much for his wheat to suit the elevator interest, but its tendency was to divert business from the elevator companies to the commission houses. To counteract this, the famous commission rule was passed, compelling track buyers to be paid a salary of at least \$50 a month, and commission firms to charge 1c. per bushel to the farmer for all grain purchased from him. It can easily be seen why the elevator companies insisted upon this rule. Having an expensive method of buying and handling the grain themselves, they did not desire any cheaper methods to be brought into operation against them. So this scheme was invented to hinder the track buyer and commission firm from doing business direct with the farmer.

THE GOAL

The goal which the dominant interests in the exchange have ever had in view for more than a score of years, may be summed up in a few words:

- (a) Eliminate competition in the purchasing of grain from the farmer.
- (b) Force all grain firms either to go out of business, or into the Exchange.
- (c) Control the Exchange.

Farmers who have had any experience in selling their grain under the old elevator monopoly can form some idea of the conditions that will prevail should these

through the public press and public meetings to protest most vigorously against the exactions of the grain combine. This continued to grow in both vigor and volume until the Federal Parliament was induced in 1900 to take the matter up and introduce legislation – known as the Manitoba Grain Act – whereby the whole grain trade of the west would be governed or regulated. Simultaneously with this action on the part of parliament the elevator men also took an advance step in protecting their organization, which had hitherto been held together by a tacit understanding only, rather than rules and by-laws, and which in practice did not prove sufficiently binding on the individual members thereof. This step consisted in organizing what was then known as the 'N. W. Elevator Association,' with constitution and by-laws to which each member had to subscribe. The avowed policy of this association as set forth in their by-laws was to remove street buyers and in every conceivable way known to the trade, reduce the grain business of the community to a unit, thereby removing even that remotest spectre of competition that sometimes did exist in the old combine days. This organization of elevator men about two or three years ago again changed its name (but not its ways) and is now known as the North-West Grain Dealers' Association." Motherwell, M. R. (1903, April 2). THE GRAIN GROWERS. *The Regina Leader*, p. 9.

line elevator companies ever reach the ideal conditions towards which they are continually striving to move.

THE FARMERS' POSITION

Let it be remembered that the introduction of the elevator system in handling grain was designed to suit the purposes of the railway companies and the grain men; that the farmers were not consulted and had no part or lot in the matter of its introduction, and the only part they were ever expected to take was to pay the entire cost of the institution, together with a good, large profit besides, to those who invested their money in these buildings. The purposes of the elevator are twofold:

1. To furnish storage for grain.
2. To furnish shipping facilities.

Every mathematician knows that the country elevator is not designed to furnish the cheapest storage per cubic foot of its capacity; it is not the right form, and it is too high for cheap storage purposes. As a method of shipping grain, it is also too expensive. The cost of shipping is to a large degree proportionate to the elevation required to get the goods into the cars. No sensible man but what would agree that a "lift" of, say, 40 feet, often repeated once, and sometimes twice in an elevator, to get the grain into a car from 8 to 10 feet from the ground, is an enormous waste of power from any reasonable method of direct loading. Elevator owners gave testimony only recently that the cost of operating an elevator was about 3½c. per bushel on the grain handled. On the face of it, this looks like a matter that should concern the elevator owners and operators only, in just the same manner as fixing our freight rates and methods of transportation appear at first glance to be the special interest of the transportation companies; but it should be borne in mind that, as a rule, all the costs connected in any way with the transportation, storage, loading and unloading of grain, interest and insurance connected therewith, while en route from the farmers' shipping point to the world's grain markets, together with the profit that goes to each line of business engaged therein, is deducted from the world's market price of grain, and lessens the farmer's profit just that much. All of this comes out of the farmer's pocket, just as surely as does the cost of hauling the grain from the farm to the elevator or to the car, and therefore should be a matter of equal concern to him. A dollar saved out of the method of handling grain, or out of the cost of transportation, will have just as much sugar as a dollar earned out of the sixteenth hour of a day's work on a farm, and is therefore just as valuable.

THE FARMER'S BUSINESS

This may appear a rather radical view of the case to the average farmer reader, but it is exactly the view that the men engaged in the elevator and transportation business would take, were they placed in the farmer's position. The prevailing view of the business man is that everything which lessens or increases his profit, and which in its nature is even supposed to be susceptible to human effort, is of interest to him, and it is his business to concern himself about the same. It is, therefore, safe to say that had these elevator and railway men been engaged exclusively in agriculture in western Canada, they would not have endured for twenty-four hours the exactions which they themselves have inflicted upon the farmers for the past

twenty-four years. It is, therefore, undoubtedly the farmer's business to see that his grain is handled, stored, transported and marketed in the cheapest manner possible, and he is foolish indeed to choose a method of shipping costing 3½c. per bushel, and involving a method of selling costing him, in the nature of profits to the elevator concern, about 3½c. per bushel more, when he can put it in the car at the loading platform at a cost of ¼c. per bushel and sell to a commission firm at 1c. per bushel – thus accomplishing for 1¼c. what he is obliged to pay 7c. for in selling to an elevator firm on the street. It is rather a remarkable fact that many a farmer who will squirm and protest about paying a 6c. per bushel threshing account, for which he has been given good value, will drive into town with a load of wheat, and without a murmur throw a similar sum away for nothing in the method of selling his grain.

THE REMEDY

Some years ago, it was thought that with the removal of the shipping restrictions of the elevator would go most of the causes of the farmers' grievances, as the outlet was opened for a cheap method of shipping, and also of selling the grain, and the farmers would rush with one accord for this open door of liberty. But such has not been the case. [...] It seems difficult to persuade the western farmer that a safety valve has been put on his oppression, [that] "a way out" has been found to escape the difficulties that he has experienced in dealing with elevator firms.

The fact might just as well be faced first as last, that we are fast drifting from the competitive system of doing business. One of the striking characteristics of the former is entirely absent from the latter. It is this: One honest man, satisfied with a reasonable profit in his business, practically controlled the price, and the methods, to a large extent, of the competitors in his line. Under the monopoly system, individual action is lost, and the "reasonable profit" man is dominated by the somewhat selfish or dishonest majority, and he is no longer of service to the public in affording protection to them from the extortionate demands of the combine.

To supply and properly apply a remedy for the redress of the farmer's difficulties, like every other complaint, it is advisable to examine the cause of the same, and looking over the present situation, as well as the history of the past, it is extremely doubtful that there can be any immediate sweeping settlement of the difficulties arising between the producer of grain and the Grain Exchange.

On the one side of the counter is a group of shrewd, clever, designing men, ever on the alert to improve the conditions of trade in order to increase their profits, and bound together almost as one man by certain rules and regulations (which they control themselves) in their dealings with the farmers. On the opposite side of the counter is to a large extent a disconnected medley of producers, whose business training, if any, is of the crudest kind, whose occupation tends to develop the muscular rather than the mental powers; many of whom have the utmost confidence in the integrity and fairness of the Grain Exchange representative who buys their grain; many more of whom, who, knowing that they are not getting their just dues in the sale of the grain, still deliberately drive up the elevator gangways and take their "medicine", either with or without protest. Add to this a manifest preference on the part of a goodly number of farmers to listen to the advice of smooth grain buyers re:

the disposal of their grain, interested on the other side of the counter, rather than to their more intelligent neighbors on the same side of the counter as themselves. Viewing the situation thus, one can scarcely imagine the comprehensive nature of the paternal legislation that would be required to immediately and completely protect the farming community from the injurious effects of the rules and regulations of the Grain Exchange, to say nothing about the cost of enforcing such a measure, if it were passed.

Tracing the antipathy of the farmers to the Exchange back to its fundamental cause, it will without doubt be found to arise from this disparity of knowledge concerning grain values, grades, methods of handling and shipping grain, combined with a wide difference in general shrewdness existing between the buyers on one hand, and the seller on the other. When the farmers as a whole arrive at a conclusion that they are no match for the Grain Exchange in conference, in commercial enterprises, and the political arena, or even in a court of justice, they will have made the first long stride towards settling the grain question. They will then be in an attitude of mind that will show a realization of the true state of affairs, which is the first essential towards providing a remedy.

On a careful consideration of all the conditions affecting the question, it will be apparent to the thoughtful student of the subject that the remedy that shall finally settle the warring interests concerned, must be one of evolution rather than revolution, one of education more than legislation, must be more of the nature of "a way out", open to those who will choose to use it, rather than a deliverance forced upon the farmer, perhaps against his will. There can be no legal machinery framed by mortal man to entirely protect ignorance from suffering at the hands of intelligence, neither is justice under any obligation to succor the man who, knowing he is being wronged, will deliberately continue to deal with those who are doing him an injustice, when it is within his power to deal with others who will give him the full value of his products.

THE COMBINE METHODS

Under the competitive system of trade, the man who made exorbitant charges or acted dishonestly lost patronage, and was forced out of business. The elevator interests of the west, formerly through having for so long a time control of the right of shipping grain, and latterly by the adoption of combine methods of doing business, succeeded to a large extent in escaping from the punishment naturally due for oppression and extortion, viz., loss of patronage. Is there no way of still imposing this punishment upon the combine? Is there no way out by which the farmers' grain can escape the Winnipeg Grain Exchange route to the world's market? Must all the grain of western Canada always be subject to the rules and regulations of the combination governing the Exchange? It certainly will, if the dominating elevator interests of that organization are able to get their way in controlling the grain trade.

DIVERTING TRADE

But it is not true that there is no way of diverting the grain from the heretofore established route. It is not true that the farmer is compelled to continue to do business with men who will not treat him fairly. It is not true that he is obliged to be at eternal

war with the buyers of his product. It is not true that he is forced to supply the funds necessary to defend his rights against the impositions of the combine, and at the same time, by selling his grain to the combine at reduced prices, furnish the latter with the wealth and therefore with the power to oppress him. No, this is not necessarily true, and the folly of continuing this line of action must be apparent to every sensible man producing grain.

In the conference held recently in Winnipeg, when the Grain Exchange found that they could not control the actions of the conference, they got up in a body and left the hall, declining to consult further with the farmer delegates. How would it do for the farmers throughout the west to take a leaf out of their antagonist's book, and after twenty-four years trying to control the grain combine, they should rise in a body and positively refuse to do business with them? The outlet to the track is already furnished outside of the elevator system. There are commission men handling the farmers' grain at 1c. per bushel, quite able and willing to handle it all at that figure. In the face of these conditions, it is folly supreme to choose the elevator system of handling grain, at a cost of, say, 7c. per bushel.

THE FIRST POSSESSORS

The farmers who produce the crop are the first possessors of all western grain, and it is their privilege, and within their power, to say who shall be the second owners thereof. They can give it to their enemies, who have been straining every nerve for a quarter of a century to inflict an expensive method of marketing grain upon them, and to bring the entire grain product of the west under control of a ruthless combine, or they can choose a cheap method of handling their grain, and get all that it is worth, less a small commission for selling. They can continue to throw away to the "system" \$4,000,000 or \$5,000,000 annually, to be used as a weapon of oppression against themselves, or by adopting a cheaper method of handling and shipping their grain, and selling it to men who are willing to do business with the farmer on a small commission, they can save these millions yearly. Should even this not prove satisfactory, they could, by ignoring the elevator system entirely, even for one season, take one-fourth or one-third of the amount saved thereby in that one year, and organize a company with \$1,000,000 or \$2,000,000 capital, money that would otherwise have gone to their oppressors, and thus finance their products to the world's grain markets.

PARTING OF THE WAYS

As farmers, we stand at the parting of the ways. With monopolies forming on every hand, fixing prices to the farmer as best suits their own greed of gain; with railway corporations knowing no minimum limit to put upon rolling stock, except the uttermost bound of the shippers' endurance; with a grain combine strenuously striving to control the whole grain output of the Canadian plains, and checked in their exactions only by the outside possibilities of the circumstances within their control. It is madness for farmers to delay defensive action one hour. Fight, we'll be obliged to, whether we like the exercise or not. We can yield to the conditions prescribed for us. We can cravenly back down before the impositions of these soulless institutions, until our position will not be one whit better than the Russian peasant of today, and

the power of resistance will be largely gone from us. But resist we shall be compelled to at some stage of the onward march of the combine, and it might better be now, while we have left to us some of the means with which to defend our position.

Will we fight our way to the sea with our products unfettered and free, or will the future say, to our everlasting discredit, that with the boundless wealth of the agricultural resources of western Canada in our hands, we allowed any combination of men to dictate a method of handling shipping and grading grain not in our interests, or to dominate our market with a merciless combine, while both the costs of such methods of shipment, as well as the exactions of the combine come out of our own pockets?

Let each farmer answer for himself.

After the Great War

After the end of the war the Canadian government created a temporary wheat board to manage the transition to a peacetime economy.

Marketing the Post–War Harvest¹⁵² (August, 1919)

The sale of the wheat crop of 1919, will be made by the Canada Wheat board and the price will be determined by the world market. The government has arranged that the seller of the wheat, that is, the farmer, shall receive an initial payment not yet decided upon. It is to be recommended by the wheat board, on which the producers are fully represented. The board will decide in the light of market condition what is the highest advance payment that safely can be made. The amount of this advance payment will be announced in a few days.

The wheat is then, as I have previously stated, to be marketed at the world rate and the balance received therefrom, after costs and charges are deducted is to be divided among the sellers of the wheat, so that each farmer will receive in addition to the initial payment his fair share of the surplus received, over and above that price, and will receive it in accordance with the quantity of wheat he has sold. If it so happens that the world market prices are less than the initial payment made to the farmer, the government will stand the loss.

Powers and their Limits¹⁵³ (August, 1919)

The powers conferred upon the new wheat board seem to be about as comprehensive as it was conveniently possible to make them. Just where the authority of the board begins and ends is pretty much guess work. From the summarized terms of the order-in-council it appears to be empowered to take over the whole wheat crop and do with it as it pleases; also to assume control of the milling business, dictate alike the quantity and price of flour available to the home consumer, and allow the millers such profit as it may see fit. The Government, in fact, seems to have made a general clearance of its authority into the hands of the commission – with intent, no doubt, to unload the responsibility also onto the board.

If under this arrangement the farmer gets world prices for his wheat and the consumer is able to buy flours at prices in keeping with the cost of production, the credit will of course belong to the body in whose hands the control of the wheat and flour crop is thus placed. But if the farmer does not get prices fixed by the world demand, it does not follow that the blame will rest in the same quarter.

The prices the board can get for wheat are determined by the market that has already been secured overseas for Canadian wheat. The overseas demand for

¹⁵² From Foster, G. E. (1919, August 20). Clear Statement of the Wheat Marketing Plan. *The Western Globe*, p. 4. Written by Sir George Eulas Foster (1847 – 1931), then–minister of Trade.

¹⁵³ From The New Wheat Board. (1919, August 4). *The Edmonton Bulletin*, p. 9.

Canadian wheat depends upon what arrangements our Government has made for supplying a share of European demand. The Allied Governments have complete control of the importation of wheat into Europe, and power to apportion among themselves the business of supplying the demand in that continent. If our Government has secured for Canadian wheat a fair share of the available market, the Canadian farmer may get world prices. If it has failed to do so he will not get world prices, whatever the wheat board may do or try to do.

Hauling Wheat Across the Border¹⁵⁴ (November, 1919)

The price of wheat in the United States was higher than the up-front price offered by the Wheat Board. Some farmers crossed the border to sell their wheat.

Another peculiar situation has arisen in the wheat trade along the United States boundary line. The comparative shortage of hard wheat in the north-western states has caused wheat prices to go up as high as \$2.60 a bushel at the local elevators. The wheat price in the United States is fixed as \$2.26 as a minimum, but there is no maximum. The wheat market is open, and the law of supply and demand takes its course. A considerable number of Canadian farmers near to the United States are selling their wheat across to the American elevators and getting around 60 cents a bushel more for it than they can get at the Canadian elevators near them. At the present time, there is no duty on wheat going into the United States, and Canadian farmers along the American boundary are securing a big advantage by having the American market, thus open to them. A further advantage is found in the fact that the checks which they receive in payment of their wheat at the American elevator are worth about four per cent. premium when they bring them back to be cashed at the Canadian bank.

It seems that the farmers on the Canadian side are able to secure from the Canadian Wheat Board a permit allowing them to haul their wheat by the wagon load across to the American elevators. No permits are issued by the United States for shipments in car lots. As near as can be ascertained, the attitude of the wheat board is that they are not supposed to interfere with wheat going south, as no participation certificates are issued. Furthermore, it is understood that the Canadian millers are making no objection, for the reason that this Canadian wheat which goes across to the American elevator and brings \$2.60 per bushel will make American flour that much more expensive. The Canadian miller is only paying \$2.30 a bushel for wheat, and he feels that he will, therefore, have an advantage in his export trade against flour ground on the American side from wheat costing \$2.60 a bushel.

¹⁵⁴ From WHEAT REGULATION DISCUSSED. (1919, November 6). *The Edmonton Bulletin*, p. 9.

Equity and Justice¹⁵⁵ (December, 1919)

We now have the statement of the wheat board that only fifty million bushels will find its way to the Great Lakes before the close of navigation; which means that the balance of the crop, whether it goes to the miller or goes to fill the contracts made by the government previously to the appointment of the wheat board, or contracts made by the wheat board since their appointment, if it is in storage, will cost the farmers, under the present pool arrangement, two cents a bushel per month for carrying charges – such as interest, insurance and storage – which, at the opening of navigation will represent a deduction from the farmers' pool account of 10 cents a bushel on the fifty or more millions of bushels that may be stored in elevators during the winter months¹⁵⁶. In other words, the farmer that was diligent and able to get his wheat to market before the close of navigation will have taken from him and given to his neighbor, who was not so diligent, or, for other reasons, was unable to get his wheat to market before the close of navigation, a share of the two cents a bushel per month that it will cost for carrying charges on his neighbor's wheat. Where, under our constitution which has ever stood for equity and justice, either government or wheat board find the power to take from one farmer and give to another is something that has yet to be explained.

The price of wheat in Canada, as fixed by the government and the wheat board, is \$2.15 per bushel¹⁵⁷, Fort William, plus participation certificate¹⁵⁸, which may be

¹⁵⁵ From Rogers, R. (1919, December 2). Asserts Government Gambled In Its Sale of Western Wheat. *The Edmonton Bulletin*, p. 13. Written by Robert Rogers (1864 – 1936). At the time this article was written, he was a member of Parliament for Winnipeg.

¹⁵⁶ Some weeks prior to this article, the Wheat Board announced that it would pay some carrying charges. "The Canadian Wheat Board today ordered that out of the funds of the board there shall be paid upon wheat held in store by or for the flour mills of Canada, carrying charges, effective from December 15, 1919, inclusive, as follows: In public terminal elevators at Fort William and Port Arthur at the rate of one-fifteenth of one cent a bushel per day; provided that if the public terminal elevator in which said wheat is stored is used as a flour mill elevator, the carrying charges shall be paid only on all wheat held in store, excepting such portion of wheat as is ordinarily required by the mill for a week's grinding. In interior government elevators at Moose Jaw, Saskatoon, Calgary and Vancouver, at the rate of one-eighteenth of one cent a bushel per day. In bins of flour mills and elevators, [...] one-twentieth of one cent a bushel per day. Such carrying charges shall be paid until such wheat is actually taken out of store, but in no case shall carrying charges be allowed after April 30, 1920." WHEAT BOARD PAYS CARRYING CHARGES. (19219, November 20). *The Daily Colonist*, p. 3.

¹⁵⁷ "[T]he reader is apt to assume that the farmer gets \$2.15 for his wheat. He does not. That is the maximum price that the wheat board will pay for No. 1 Northern at Fort William. Grades below 1 Northern must take at the local elevator such less price as will allow for lower grade, costs of handling, storage, dealers' profits and freight to Fort William. At Edmonton farmers have been getting recently \$1.92 for No. 1; \$1.89 for No. 2; \$1.84 for No. 3 and so on down to \$1.45 for feed." Wheat and Flour. (1920, January 12). *The Edmonton Bulletin*, p. 4.

¹⁵⁸ "The Participation certificate is a form which is filled out when a person brings grain to the elevator and sell it. The certificate states that so many bushels of grain has been delivered, of a stated grade and a stated price. [...] Every Participation Certificate shall be negotiable." THE CANADIAN WHEAT BOARD. (1919, October 1). *The Wainwright Star*, p. 3.

worth something or nothing at the end of the year¹⁵⁹. When a farmer sells his wheat to a Canadian elevator he receives \$2.15, minus freight charges, also minus five cents a bushel generously allowed by the government and the wheat board to the elevator company for handling his wheat. [...] This all means that a Canadian farmer who has five thousand bushels of wheat to sell, and takes it to a Canadian elevator – if it grades one northern, and if the freight rate is 10 cents a bushel to Fort William – receives \$2.15 minus five cents for freight, and minus five cents for the elevator charge. In other words, \$2.00 a bushel, or ten thousand dollars in cash and the participation certificate.

Across the line, in the United States, an American farmer who has 5,000 bushels of wheat for sale and it grades equal to our one northern, would receive today at least \$2.80 a bushel. If the freight rate to Minneapolis is 10 cents, then he will receive \$2.70, a cash difference in favor of the American farmer of 70 cents a bushel, or \$3,500 on his 5,000 bushels of wheat.

Is it, therefore, to be wondered at that our Canadian farmer are hauling their wheat 60 and 70 miles across the boundary to American elevators, where they are daily receiving large premium prices over that which they can obtain at home?

The Price of Bread¹⁶⁰ (December, 1919)

Commenting upon the increase in the price of wheat flour another 50 cents a bushel¹⁶¹, which was authorized Saturday by the Canadian Wheat Board, Mr. [Harry] Amphlett, secretary of the Victoria Bread and Cake Manufacturer's Association, stated last evening to *The Colonist* that the bakers had heard nothing definite about it, and only knew what they read in the papers. "I am not surprised, however, and much as we regret it, the cost of bread to the consumer is bound to increase in the very near future. During the past two years material increases in the cost of production have taken place. Wages, and the cost of every ingredient that goes into the making of bread, has increased. Bakers, however, have felt that their position was one of grave duty to the public, and have endeavored to hold bread down to its old price. During the past twelve months, profit on bread has reached a vanishing point." [...]

The possibility of flour from the United States being imported, to relieve the situation has been suggested by some, but local millers and bakers point out that wheat grown in the United States is a soft wheat and good only for pastry flour. "Of

¹⁵⁹ Some farmers, expecting the latter, sold their certificates: "[A] considerable amount of them [farmers] had disposed of their certificates at a figure as low as five and in some cases two cents a bushel. Letters from the less reputable grain companies in which they urged their agents throughout the west to purchase all the certificates obtainable at low prices were brought to light." WESTERN FARMERS MAY MARKET THEIR OWN WHEAT. (1920, July 21). *The Macleod Times*, p. 8.

¹⁶⁰ From PRICE OF FLOUR SOARS SKY HIGH. (1919, December 30). *The Daily Colonist*, p. 14.

¹⁶¹ "Two eighty is the price the millers pay for western hard wheat after December 27th. The added fifty cents a bushel will go into the pool of undistributed returns, and after deducting all charges, will be distributed after Aug. 1, amongst all farmers selling wheat, either hard or soft." Wheat and Flour. (1920, January 12). *The Edmonton Bulletin*, p. 4.

course,” said Mr. Amphlett, when asked about this, “every barrel of wheat brought from across the line, even if used for pastry instead of our No. 1 hard, will leave that much more bread flour to the country and must help relieve the situation.”

“The Farmer has Unquestionably Benefited”¹⁶² (January, 1920)

The following article was written by J. L. Rutledge, editor of the *Canadian Grocer*, and originally published in Toronto’s *Financial Post*. It gives the flour industry’s view of the Wheat Board’s actions.

The fact that the Wheat Board has seen fit to raise the price, while at the same time requiring licenses for export by waggon load that up to recent time was free from this restriction, will unquestionably have the effect of retaining much wheat in Canada that would otherwise have drifted across the border to take advantage of the better prices prevailing there. This is a fortunate thing for the milling industry, as otherwise the country might have been bled of stocks urgently needed to maintain the standard of flour made in part from lighter quality Ontario wheat.

FLOUR PRICES ADVANCE

As a result of this change in wheat price, the price of Government standard Spring wheat flour has increased from \$10.00 to \$13.15 a barrel. This considerable increase in cost show no added profit to the mills, as the higher price of wheat eats up the difference. The mills are merely operating on a higher priced product with no advantage to themselves, and with the disadvantages always entailed by a larger outlay for raw materials.

The mills benefit from the change only in a certain freedom from the fear of the possible results of any larger movement of Western wheat across the line. As matters now stand there is less inducement for this movement, and the producer has grown used to the safe and satisfactory method of milling through the Canada Wheat Board, and is not likely to be greatly tempted by outside offers.

On the other hand, the consumer will have to pay more for flour and for bread, appreciably more, for the \$2.25 [sic.] increase per barrel will entail an added charge of about two cents a loaf, which will probably become operative in most sections very shortly, for the bakers have been restricted in their stocks of flour of recent date, and therefore will have very shortly to be operating on new price flour.

LOTS OF CHEAP FLOUR

The suggestion of James Stewart, chairman of the Canadian Wheat Board, that permits would be issued to allow the import of the cheaper American flours, cannot be taken too seriously. Canada is not short of weak flour. In most sections of the country, indeed, it is not in very great demand, and the weaker American flour could be purchased at a lower figure than that prevailing on the Canadian market. It is generally agreed also that this would not be a factor in relieving the situation

¹⁶² Anonymous & Rutledge, J.L. (1920, January 15). The Why and Wherefore. *The Edmonton Bulletin*, p. 4. This segment written by Joseph Lister Rutledge (1883 – 1957), editor of the *Canadian Grocer*.

created by the probable increase in bread prices, for this flour could hardly be used for bread purposes.

The farmer has unquestionably benefited by the increased price, a benefit that must eventually be paid for by the consumer, for the mills have already been limited to a minimum of profit, and may find that this minimum may be automatically fixed at a lower figure by the new set price of flour working in conjunction with the increased wheat price. It is probable, however, that no other course was advisable, as considering the comparatively limited stocks of Western wheat remaining in the country, a heavy export movement could only have occurred at the serious expense of the milling industry.

Questioning the Benefit¹⁶³ (January, 1920)

The *Financial Post* is, or aspires to be, the mouthpiece of Big Business in Canada. The foregoing sets out how the recent action of the Wheat Board looks to the clients of the Post. There are a few points that stand out very clearly.

First the hauling of Canadian wheat across the line by team, to enable the farmer to get the full United States price, is to be “licensed” hereafter; which being interpreted means “stopped.” [...] The Canadian farmer who lives within hauling distance of a United States elevator will no longer be permitted to get equal to a basic price of \$3.70. He will have to take what he can get on a basic price of \$2.80. He will lose the difference of 90 cents a bushel because the Canadian miller needs his wheat to mix with Ontario wheat. And because the Canadian government, acting in the interests of the Canadian miller through the Canadian Wheat board, says he must.

It will be observed (on the authority of Mr. Rutledge and the *Financial Post*) that although the eastern miller only needs western wheat to mix with Ontario wheat – which has not been increased in price – the full amount of the 50 cents increase on the price of western wheat is charged to the consumer on flour. Say that five bushels of wheat make a barrel of flour. And that three bushels of Ontario and two bushels of Western are used. The eastern miller pays one dollar increased price on his two bushels of western wheat, but charges an increase of 42.25 to the consumer of the flour. First he gets the whole of the 50 cents a bushel advance on all the wheat and flour that he has in store on the 27th of December. And next after getting back the dollar of increased price that he really does pay, he gets an additional dollar and twenty-five cents in the increased price of flour.

Possibly Mr. Rutledge is right when he says: “The producer has grown used to the safe and satisfactory method of selling through the Canada Wheat Board, and is not likely to be tempted by outside offers.” But the fact that hundreds if not thousands of Canadian farmers were hauling their wheat for distances of up to fifty miles to the United States elevators during October, November and December, instead of accepting the “safe and satisfactory” method of selling through the Canada Wheat

¹⁶³ From Anonymous & Rutledge, J.L. (1920, January 15). The Why and Wherefore. *The Edmonton Bulletin*, p. 4.

Board, does not support Mr. Rutledge's view. Neither does the fact that even after the Canadian Wheat Board has raised the Canadian price it still finds it necessary – according to Mr. Rutledge – to prohibit by the camouflage of license, further outflow of Canadian grain to United States elevators. [...]

It is, to say the least, strange that flour made for sale, and therefore for use in the United States “could hardly be used for bread purposes” here in Canada. At any rate it was flour, and could be used or it would not have been made. Europe is supposed to be starving and bankrupt; therefore it is to be presumed that European countries needing cheap bread would have been willing to take this “weaker” American wheat or flour if they could have got it. It was not sent to them, presumably, because it was needed at home. Canada shipped fifty million bushels of hard wheat to Europe and received for it a price that the Canadian government has not yet disclosed; but far below what the United States millers would have paid for it to mix with the soft wheat which feeds their hundred million people. If the fifty million bushels of Canadian high grade wheat had gone to the United States at the United States high grade price, the Canadian farmer would have had the benefit, the rate of exchange against Canada would have been reduced, and the European consumer would have had an equal amount of cheaper bread made from cheaper United States wheat.

If at the same time thirty–five million bushels out of the fifty million bushels sold to the Canadian millers had been held at the price at first fixed for Canadian consumption – as should have been done – both the Canadian producer and consumer would have enjoyed a fair measure of real “protection.” But the results would not have figured in the profit sheets of the big milling companies and therefore it was not done.

Whipsawing Producer and Consumer¹⁶⁴ (January, 1920)

The facts are that while the United States miller is paying a price equal to \$3.70 for wheat, of equal quality with Canadian, the Canadian farmer who grew the wheat is only getting \$2.80 for it because that is all the Canadian Wheat Board will take for it. [...]

Regarding the consumer. In the course of business and manufacture it takes some little time for wheat to be transferred from the farmer's wagon to the consumer's breakfast table. It will be weeks before the flour ground by Canadian mills under the new price will be for sale as bread. But the price of bread is already up. In the meantime the consumer will be eating flour from wheat bought at \$2.30, but paying for it at the \$2.80 rate. How much wheat had passed out of the farmers' hands at \$2.30 that will afterwards appear as \$2.80 bread to the consumer, the Wheat Board and the Board of Commerce do not inform the public – that is, the consumer. But it is safe to say that it amounts to millions of bushels, which will mean millions of dollars profit to the milling companies. [...] Look for bigger dividends than ever by

¹⁶⁴ From Whipsawing Producer and Consumer. (1920, January 15). *The Edmonton Bulletin*, p. 4.

the big milling companies as a result of the boost. The producer does not get the money, but the consumer has to pay.

What Was the Government Doing?¹⁶⁵ (March, 1920)

Sir:— There are certain matters, that owing to the very peculiar circumstances surrounding them, appear to demand an explanation from some one. I refer to the stand taken by the Grain Growers and the government re set price for wheat one year ago; the appointment and workings of the wheat board and the resolutions that have just been passed by the three G. G. conventions and by the shareholders of two elevator companies.

Now that these meetings are all over and we are safe home again, after having been persuaded to support sundry resolutions that we did not want to support and were influenced to withdraw resolutions that we did want to pass, we should now be able to think these things out quietly for ourselves without taking our opinions ready made.

Thirteen months ago everyone expected to see a big drop in the price of wheat during 1919. Numerous estimates were made and the prevailing opinion appeared to be that last year's crop would sell around \$1.25 per bushel on the open market.

Considering the fact that for two years the price had been arbitrarily set at much less than the market value¹⁶⁶ – thus forcing the farmer to contribute millions of dollars to the consumers of both Canada and Europe – the farmers were practically unanimous that the government should set a minimum price at about what wheat had sold for the two previous years, and they were quite prepared to pass resolutions asking for this very reasonable concession.

But let us see what happened. The Manitoba convention came first and a handful of men persuaded the delegates to declare for an open market. Alberta came next with a similar result. Saskatchewan came last and positively refused to endorse such a policy.

Then the people of Manitoba and Alberta began to think they were firm in their former conviction that they did want a guaranteed price. Meetings were held all over the country and in unmistakable terms they said that they had been misled and they passed resolutions accordingly.

In the meantime, what was the government doing? Why, they were stating on every possible occasion individually and collectively that they could not and would not consider such a proposition. They said that they could not possibly take a chance on having to pay out millions to make up a probable deficit, and the farmer would have to pocket the loss if the market dropped.

This continued to be their attitude up to the very moment that the market was thrown open. Then the unexpected happened and prices began to soar. The farmers were naturally jubilant that a good price was now assured without any assistance

¹⁶⁵ From Stockton, G. W. (1920, March 18). FEDERAL GOVERNMENT AND PRICES OF WHEAT. *The Edmonton Bulletin*, p. 15. Written by George White Stockton (1872 – 1947) of Carlyle, SK.

¹⁶⁶ Through wartime price controls.

from anyone. But what about the government that had positively refused to interfere when they thought the price would be low? Without offering any excuse for their action, they jumped in, seized our wheat crop, appointed a wheat board which set the price to the miller 15 cents per bushel less than it was worth on the open market they day the market was closed.

Since then, they have given us no information as to what they are doing, what price they are getting or what balance, if any, the farmer is likely to get one year hence. In view of all these facts, did the government do this to give us more or less money for our wheat? Of course there is only one answer – they did it to give us less. [...]

The writer has personally interviewed scores of men who hauled their wheat from 20 to 50 miles into North Dakota and got 70 cents to a \$1 per bushel more for it than they could have obtained in Canada. [...]

Let us hear what Mr. Wilson¹⁶⁷, an M.P.P. for Manitoba, who lives near the border and has his information first hand, has to say. I quote from a recent speech in the Manitoba legislature. He says: “When the wheat board fixed the price of \$2.15, Fort William, they made Canadian wheat nearly one dollar cheaper than American wheat.”

Continuing, he said, “I know a man well, who owns a section of land, has four hundred acres under cultivation, the rest in pasture, etc. This year he had only 1250 bushels of wheat to sell, which he did sell to the wheat board at \$2.00 per bushel. His participation certificates are said to be worth something next August – how much? Say 10 cents, or a total of \$125.00. That means that the dominion government has taken a forced loan from that man of \$125.00 for one year without interest.”

Had he taken his wheat to the American side as most of his neighbors did, he would have received at least \$1250 more for it than he did receive. That means again that the government has made a forced levy of this man’s capital of \$1250, and out of the meagre returns left him by drought and grasshoppers, the government saw to it that he contributed that amount as a bonus so that other classes in Canada and Europe got cheaper bread. [...]

Two months ago the western farmers were a unit in condemning this high handed action of the government, and were prepared to go on record to that effect and declare for an open market, but at each convention in the three provinces the same interests that advised them to ask for an open market when the price was low, this year advised them to ask for a [closed] market when the price is high. In consequence, resolutions were pushed through and in one instance led to asking for a board “similar” to the present one.

I think, Mr. Editor, that you will agree with me that these things require some explaining, and I would like to know what the bona fide farmers think of the whole transaction. I trust that others will take this matter up with a view to forcing some light on the subject.

¹⁶⁷ Probably William Wilber Wilfred Wilson (1885 – 1964), who was serving in the Legislative Assembly of Manitoba at the time this article was written.

Free Trading in Wheat¹⁶⁸ (July, 1920)

Sir. – In one of your leading articles in today's Colonist, under the heading: "U. S. Wheat Free," there are some statements which are at least open to challenge.

You say¹⁶⁹: "Wheat control in Canada is costing the country large sums of money, which every consumer is helping to pay."

When, in 1919, the Canadian Wheat Board set the price of wheat at \$2.15 per bushel, the United States Government set the price to their farmers at \$2.25 per bushel, as the minimum price, with no limit to the maximum they might sell it for. The consequence was that wheat from the 1919 crop, until Spring of the present year was selling at from 50 cents up per bushel higher in the United States than in Canada, a condition that many of the farmers on the Canadian prairies, living near the international boundary, took advantage of, and hauled their wheat across the line and sold it there, making a handsome profit by doing so. The Canadian Wheat Board sold the bulk of the Canadian wheat under contract to the British and other European Governments at a price those Governments were able and willing to pay, which price, no doubt, was governed by the law of supply and demand, which law you champion as being the right one to govern the price of commodities.

There is a prevailing belief amongst farmers, and I agree with them, that had wheat prices not been controlled the past few years, prices would have gone much higher than they have yet attained to. As a matter of fact, just before the Government did take over the control of prices they were higher than the controlled price, so that the Government's object in setting prices was more in the interest of the Allies to keep wheat prices within reasonable bounds than to fill the farmer's pockets, although it also heled the object in view of encouraging production by guaranteeing to farmers a price that would give them fair remuneration for the increase in cost of production that has more than doubled in the past four years. I have not figures as to the relative prices of flours, "say" in Victoria and Seattle, but I venture to say they have been higher in the latter than the former named city during the past year, and will go further and hazard a guess that wheat prices will be higher in the United States under free wheat conditions than under Government control in Canada in the coming year.

¹⁶⁸ From Taylor, W. M. (1920, July 22). Free Trading in Wheat. *The Daily Colonist*, p. 13. Written by William M. Taylor (1857 – 1944), a Presbyterian Scottish farmer who emigrated to Canada in 1880. His farm was in Marquette, Manitoba, about 50 km. from Winnipeg.

¹⁶⁹ "Today the wheat product of the United States is again in competition on the open market for Government control of the past few years has been removed. [...] Wheat control in Canada is costing the country large sums of money which every consumer is helping to pay. It was the same when control was exercised in the United States and the people of the entire continent have had no redress. The law of supply and demand ceased to operate by Government intervention. It will again, to a great extent, resume its sway, except as far as Canada is concerned, for the Government of this country as represented by the Wheat Board will continue to afford protection to the wheat growing farmers, and, so far as it can, insure them the same or greater profits than they have been making in the past." U. S. WHEAT FREE. (1920, July 15). *The Daily Colonist*, p. 4.

I have no interest now as a wheat grower, but had almost forty years' experience in mixed farming on the prairie, and have yet to meet a single instance of anyone that made a large fortune growing grain, but there are hundreds in the United States and Canada who have become wealthy, beyond the most extravagant dreams of most farmers by speculating in wheat and manipulating the market by bearing it down until they got the bulk of it out of the farmers' hands, which they easily knew by statistics, after which they bulled the market up to whatever price suited them, again taking it out of the consumer. Fortunate was the farmer who was in a position financially to hold his wheat over until the Summer following the year he had grown it, as he was pretty safe to make as much as his profit on growing it had he sold it at threshing time. One year I knew of prices being from 70 to 80 cents a bushel higher in Summer than they had been at the end of harvest the previous year. Unfortunately, until very recent years very few farmers were in a position to hold their grain over, so that they could get the price for their grain the world's markets would warrant them, but had to sell as soon as their grain was threshed to meet their liabilities, and the great majority of them have still to do so, and at least those who have to them Government control is a great boon, as they can get the same price as the man who is able to hold for higher prices, and as much as the markets of the world will warrant, but no more, as the Wheat Board does not control the world's markets, but only takes advantage of them and eliminates the middlemen and speculators, who when they got most of the grain into their hands did manipulate the markets to fill their own pockets, and thereby enhancing the price of bread to the consumer.

My object in writing this letter is not so much with a spirit of criticism but rather to help foster a better understanding between the urban and farming communities of our country, as I believe much of the conflict of ideas is lack of better knowledge of each other's conditions. The success and happiness of both is, to a great extent, dependent on each other's prosperity, and I believe that our Government, elected by the people, by whatever party stripe it may be known, will do the best, so far as any human government can, to do justice to all the people, whether producers or consumers.

Perhaps it would be better for all if, as well as wheat, some of the some of the other necessities of life were Government controlled, so that the cost of any article would not be what any clique or corporation might set as its price, nor even its value as set by the law of supply and demand, but rather its true value, fixed by the amount of labor it requires to produce it.

A Return to Normal Methods¹⁷⁰ (July, 1920)

The preference of the government has been for a return to normal methods of grain marketing as soon as such appeared to be warranted by conditions abroad. The three principal factors which last year decided the government to establish the wheat board were these:

1. The fact that in Europe all buying of wheat was controlled by the various governments either separately or in concert and that the buying by our principal customers, Great Britain, France and Italy was carried on in concert. There was accordingly virtually one purchaser, resulting the practical elimination of competition. There was reluctance to enter upon purchase negotiation with the consequent danger to the early movement of wheat during the navigation season.

2. Financial conditions which necessitated advances and credits by foreign governments and which could only be adequately met by government agencies in Canada in order to ensure prompt and continued movement of wheat from the commencement of harvest.

3. The control by the United States of the purchase and sale of wheat and the fixation of prices thereof together with an embargo on imports of both wheat and flour.

These factors either do not exist or are not in force to the same extent at the present time. From the best information available it would now appear that while as far as can be ascertained, European buying will be in a greater or lesser degree controlled by the governments of practically all countries in Europe dependent upon imports of wheat, there does not seem to be at the present time reason to believe that the purchase by the various governments or governmental agencies will not be made independent of each other, both as to transport and purchase, thus constituting conditions of competition that should result in a fair market value being obtained for the Canadian crop.

The United States has controlled the market in grains and flour, and the exchanges there are now open for trading in December and later options¹⁷¹, and there is no longer any embargo upon imports of wheat or flour. All the indications, therefore, are that the marketing of grain and its products in the U.S. will resume to normal methods. [...]

Under the circumstances above set forth, the Canadian government has decided to take no steps at present to proclaim the enabling act, which means that the present wheat board will not function insofar as the crop of 1920 is concerned, and that the marketing of this crop will revert to the usual and normal methods of pre-war times.

¹⁷⁰ From Foster, G. E. (1920, July 21). Wheat Board Will Not Handle The New Crop. *The Western Globe*, p. 7. Written by Sir George Eulas Foster (1847 – 1931), then Minister of Trade and Commerce.

¹⁷¹ Wheat futures.

Who Will Pay the Debt? ¹⁷² (August, 1920)

While the war was on, the Government practically commandeered the farmer's wheat at a fixed price, far below what it was then actually worth. No word of complaint came from the farmers because of that action. It was a war measure, excused if not actually warranted by war conditions. The armistice was signed on November 11th, 1918. There has been no fighting between Germany and the Allies since. The war measure fixing the price of wheat expired about August 1st, 1919, with the final marketing of the 1918 crop. The 1919 crop was due to come on the market about September 1st, nearly ten months after the armistice had been signed, after all fighting with Germany had ceased and when the peace treaty was about to be signed. The farmers who had been compelled to sell their wheat below its value during the war, had every right to the full market value now that the war was over.

Ostensibly admitting this principle, the Government appointed the wheat board to sell the farmer's wheat, paying him a fixed price on delivery of the wheat, and the balance of whatever the market permitted at a later and indefinite date. On delivery of his wheat the farmer received with the cash to which he was entitled, a participation certificate which entitled him to any balance that the wheat board finally decided was coming to him out of the price received by the board, and as adjusted by them. The claim was made by and on behalf of the board and its operations that it was and would be able to secure for the farmer a better price for his wheat than could be secured by marketing it through the ordinary channels of the trade. It was expected that "national marketing" would result in greater returns and larger profits to the farmer than ever before.

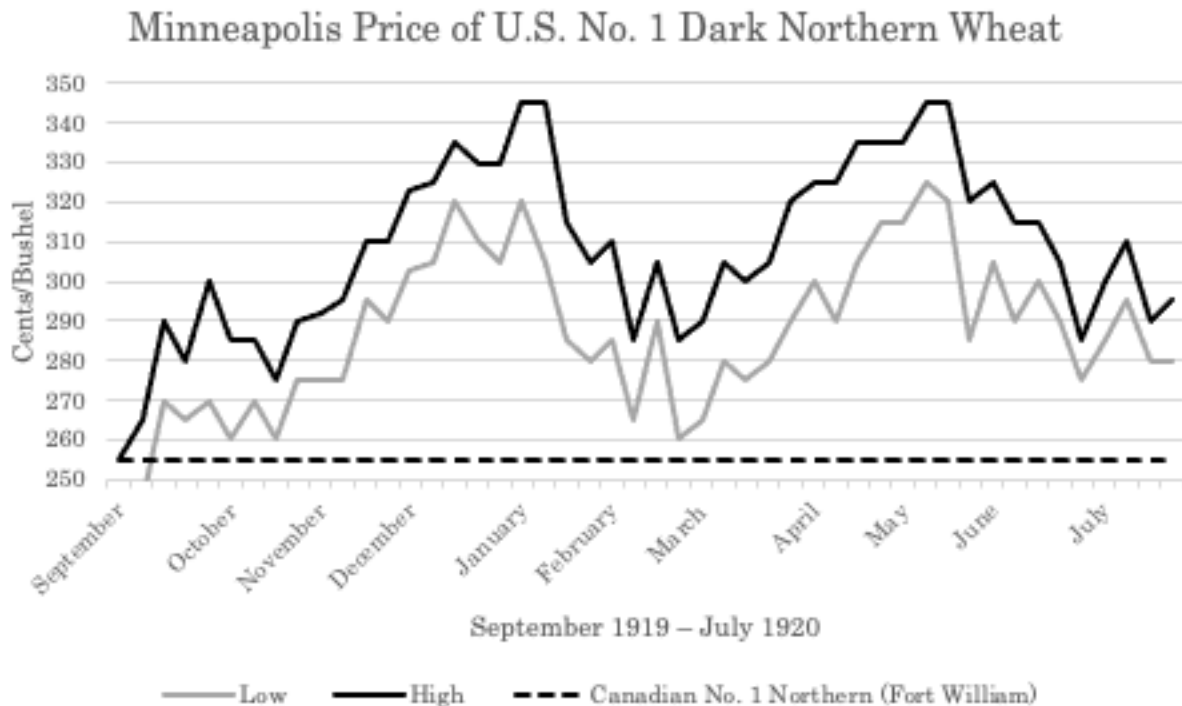
The wheat board took control about August 1st, 1919, well in advance of the 1919 crop coming on the market. Their jurisdiction was absolute. And it lasted for a full year. If the 1919 crop was not marketed by the date when the wheat board's authority expired, it certainly should have been, for the presence of any part of the 1919 crop on this side of the Atlantic on August 1st, in any year tends to depress the value of the crop ripening in August that comes on the market in September of that year. It is a fact that there is an undue and unusual amount of the 1919 wheat crop of Canada still on this side of the Atlantic at this date. This is one of the factors which is depressing the value of the 1920 crop, and for which the Wheat Board must take full responsibility.

The one possible valid reason for holding wheat in Canada in July is that the market would not take it sooner at a fair price. The crop of 1919 was short. The prospects for 1920 are much better. The war is a year further away. There was no possible reason for believing that wheat would be higher in 1920 than in 1919. Therefore the business of the Wheat Board – if its business was to market wheat to the advantage of the farmer – was to get the surplus wheat of the 1919 crop out of the country well in advance of the coming of the 1920 crop.

¹⁷² From Who Will Pay the Debt? (1920, August 9). *The Edmonton Bulletin*, p. 7.

The Wheat Board proposes to pay the farmer for his 1919 crop, a total price based on \$2.55 per bushel for No. 1 Northern at Fort William. Was \$2.55 the best price that the world's market offered for the Canadian wheat crop of 1919? [...]

Minneapolis is the great milling and trading centre of the North Western States. It is practically the same distance from Winnipeg that Fort William is. The wheat immediately tributary to it is similar in quality to that of the Canadian West. Whatever a certain quality of wheat is worth in Minneapolis, it should be worth at Fort William, because to get to Fort William it must pass through Winnipeg, and from Winnipeg can be hauled to Minneapolis as cheaply as to Fort William. There is no duty on the importation of wheat into the United States. It is true that up to December 15th, 1919, the importation of wheat into the United States by rail was not permitted. But after that date wheat was as free to go to Minneapolis as to Fort William.



The United States exports more wheat each year than Canada does. The export price regulates the home price there as it does in Canada. The Minneapolis prices are a fair index of world prices. During the period when the wheat board could not ship to the United States, it could ship to the same European markets as fixed the price in the United States and should therefore have been able to command the same prices for Canadian wheat of the same quality as Minneapolis. If they were not able to do so, they fell short of the avowed purpose of their appointment.

The Wheat Board fixed the basic price of Canadian wheat on No. 1 Northern grade. Canadian No. 1 Northern is equal to United States No. 1 Dark Northern. United States No. 1 Northern is a grade lower than Canadian No. 1 Northern. When,

during the war time, the Canadian board of grain supervisors fixed the price of Canadian wheat, they fixed the price for Canadian No. 1 Northern at the same figure as the United States had fixed for No. 1 Dark Northern. Whatever No. 1 Dark Northern was worth in Minneapolis, No. 1 Canadian Northern was worth at Fort William.

The Bulletin is able to place before its readers the weekly range of official cash prices at Minneapolis for No. 1 Dark Northern spring wheat for the eleven months from September, 1919, to July, 1920, both inclusive. The figures show in cents the highest and lowest price paid for No. 1 Dark Northern spring wheat actually delivered during the week ending on the date given¹⁷³.

It will be noted that only in the first two weeks of the eleven months was the lowest quotation below the gross basic price on which the wheat board pays the Canadian farmer. [...] Taking \$2.92½ as the average price No. 1 dark northern in Minneapolis during the eleven months for which prices are quoted, it would appear that on a crop of 150 million bushels the Canadian farmer has been short changed by the wheat board 37½ cents a bushel, or 56 million dollars¹⁷⁴.

The farmer should have had this amount in hand with which to finance his operations of this year. Not having it, these operations are necessarily restricted to that extent, and the country at large suffers loss from lack of increased production that could and would have occurred, had the farmer received the market value of his wheat.

Price of Flour May Drop Soon¹⁷⁵ (August, 1920)

There is a distinct possibility that within the next month or so, following the big wheat crop in the West and the resumption of competitive dealing by the millers, the price of flour will decrease and be followed by a drop in the price of bread. Already, it is said by representatives of the leading milling interests, there had been a drop in the market price of No. 1 Northern, which is the standard wheat for flour purposes.

When the Wheat Board goes out of existence it is expected that the big millers will return to their old competitive systems of buying and selling, and the expectation is that in the course of time this will result in a reduction in the cost of flour and bread to the ultimate consumer.

As to just when this will take place, the millers were not inclined to predict, since they are confronted with the problem of buying wheat and selling its products, but it was intimated that within a short time there might be developments that would ease the situation for the breadwinner and eater.

It was stated by a leading milling expert who has just returned from a tour of the West that present costs of bread depended, largely on the stocks of flour in the

¹⁷³ The original article presents this data as a list. I have turned the list into a line graph for ease of interpretation.

¹⁷⁴ The average of mid-points between the High and Low values is \$2.976, 42.6 cents below the Wheat Board price of \$2.55 per bushel. Multiplying this by 150 million bushels gives \$63,875,000.

¹⁷⁵ From PRICE OF FLOUR MAY DROP SOON. (1920, August 28). *The Daily Colonist*, p. 3.

hands of the millers and bakers. This flour had all been bought on the basis of \$3.15 a bushel for No. 1 Northern at Fort William as fixed by the Wheat Board, which the millers said had practically controlled prices both for the buying of wheat and the selling of its products. The Wheat Board, it was stated, would go out of existence on August 31, and then the business will return to its normal conditions, as in pre-war times, the big milling firms buying in competition and selling in the same way, with no fixed prices beyond market quotations.

Better than the Open Market¹⁷⁶ (October, 1920)

H. W. Wood, president of the United Farmers of Alberta, was quoted as saying that Canadian wheat could have been handled very much better through the Canada Wheat Board than in the open market, and that the price had declined a dollar a bushel since the board had ceased to handle it. Sir George Foster¹⁷⁷, Minister of Trade and Commerce, spoke as follows:

“The fact that the price of wheat in Canada has declined \$1 is no proof that it would not have been under the control of the Wheat Board. It has declined equally, or more, in the United States. This decline is not due to the fact that a board is not handling the wheat, but is a result of the supply of wheat in Canada at present exceeding the demand. It is not sound reasoning to say that it has declined because the Wheat Board is not handling it.”

Wheat Control¹⁷⁸ (October, 1920)

In this part of the Dominion, where the people do not believe in a controlled price for wheat and the consequently high cost of living conditions, it will be learned with interest that Dr. S. F. Tolmie¹⁷⁹ does not consider that the Wheat Board could operate to advantage at this time. He points out, in an interview at Regina, that European countries now have their own crops to depend upon, and are not buying the Canadian produce in large quantities. On the other hand, the Western farmers are throwing their wheat on the market, and the supply greatly exceeds the demand. The lowering of prices on this account is inevitable. Dr. Tolmie expresses the opinion that the Wheat Board, if it had still operated, could not maintain prices by taking over the control of the entire crop and marketing it in Europe over a long period in accordance with the demand.

¹⁷⁶ From PRAIRIE FARMERS ASK WHEAT BOARD. (1920, October 10). *The Daily Colonist*, p. 9.

¹⁷⁷ Sir George Eulas Foster (1847 – 1931).

¹⁷⁸ From WHEAT CONTROL. (1920, October 19). *The Daily Colonist*, p. 4.

¹⁷⁹ Simon Fraser Tolmie (1867 – 1937), 21st Premier of British Columbia (and veterinarian).

The Case of the Farmer¹⁸⁰ (December, 1920)

Sir, – Having seen and read the article in your issue of Nov. 23rd that Farmers East of Edmonton are up in Arms, against the treatment they are receiving from their government¹⁸¹, first of all let me say Amen to the Cause, and wish them God's blessing in their effort, and let us hope that all other Districts will follow in their footsteps.

I am in a District just as bad, and, perhaps a little bit worse; we are shut in as it were in a tea kettle, with only a very small spout for an outlet, that's a branch of our National Railroad from Camrose to Alliance. I would like to make this not only a protest against our federal government, but also towards making better laws to govern local elevators.

I want to state how things exist along this line, particularly at Alliance. The big gun or the big farmer, most of them own threshing machines, and naturally threshed most of their own grain first, and then of course the other fellow's big job, most of their grain was drawn from the machine to the elevators, and so monopolise every bin therein, consequently the small farmer when his threshing was done, was left out in the cold, his bills to meet, but could neither sell or store his grain. As I have said, the big farmers had all the bins, let it be 1,500– or 4,000–bushel bins, when a car load of it shipped out, he then hauls in again and fills it up.

I am not a chronic kicker, but I say that something ought to be done to help the small farmer. My banker some time ago told me that quarter section farmers were better for the country than big farmers. Then why not protect the small farmer? There would be no use sending a protest to the head office of any of the elevator companies, because most of them belong to the big interests class, and, like the hen, they are all scratching for the big worm; so I don't know of a better way, then, that such conditions of affairs should be brought to the attention of our minister of agriculture. He is supposed to be looking after our interests and our welfare.

At time of threshing, most all the small farmers would have been satisfied to take two dollars a bushel for his wheat so he could pay his bills; but, like the clucking hen that would neither lay an egg nor get off the nest, the big farmers would not sell their grain, but held it for the big price that did not come. What we want is a law forbidding any man having a bin for more than one carload at a time. If a bin holds two carloads, and two men have grain of the same grade, why not divide it between the two? It is known here of some men having ten or twelve cars gone and then bins of from 1,500 to 4,000 bushels full, when others could not get a bushel in.

But to come to the farmer's position generally. They are surely getting it in the neck. What has our precious government been preaching to us? More production,

¹⁸⁰ From Thomas, W. D. (1920, December 27). THE CASE OF THE FARMER. *The Edmonton Bulletin*, p. 7. Written by William D. Thomas (1867 – 1945).

¹⁸¹ "Farmers along the main line of the Canadian National railway east, thoroughly incensed over the government's withdrawal of the wheat board, the shortage of cars for the removal of grain, the exorbitant freight and express rates, have reached such a degree of indignation that they threaten an agrarian strike which will affect the four western provinces and Ontario, if redress and relief are not speedily incurred." FARMERS EAST OF EDMONTON ARE UP IN ARMS. (1920, November 23). *The Edmonton Bulletin*, p. 7.

depending on what they need the most. If it's beef, they will try and make us believe it's not a good grain country, but the best in the world to produce beef; therefore most farmers will drift, as it were, with the tide, and raise cattle, to their own ruin. Of course, at such times the price is very high, and the farmer will have to pay the very top price for a few head to start, and in three or four years, after a very good increase, it would take the whole bunch to bring him the amount he paid for his first few, and during the great war, the people of the world had to be fed, of course; so they needed wheat.

I think every farmer did his best to produce that wheat, and many of us had to pay around \$300, besides big interest, for a binder; all the way from \$175 to \$250 for a drill, and in such proportion for all other farm machinery; but the government took control of the wheat, and made sure that the farmer didn't get the five or six dollars, or more, a bushel for it which no doubt they would have got if they had kept their hands off. Now they have nobody to whip, they therefore let the farmer fight his own battles, although they told us that the board was still in existence and that they would keep their eye on things. No doubt they did, but somebody must have thrown sand in their eyes, or at least they seem blind to the extreme condition they have brought the farmer to.

I am beginning to see the viewpoint of the Socialist, that what we need is a revolution. But, dear readers, don't take it by that that I mean to shed blood, or to shoot the capitalist down on the street. The interpretation I get from revolution is, when I look into the dictionary, I see it means, the act of revolving; change or alteration of system; to turn away in disgust, overturn, and many other things. So, first of all, we turn away in disgust at the system and the way we farmers have been trampled under foot; overturn, we sure need to overturn the system, and instead of shooting down the big interests overturn him, right about face, and put in his place someone that is representative of the people. I don't want an ignorant farmer to represent me. I don't mean that farmers are ignoramuses; but they are usually like the school boys playing marbles, if they can grab all, the better they like it. Therefore, let us have a good leader that is in sympathy and understands our general conditions.

In another column, running parallel with the above article in the same paper, is an article by Mr. John Blue of the welfare work. Mr. Blue goes on to say that the Dominion Labor Bureau has compiled statistics of over twenty-two industries. He names seven, only one of which makes an average yearly wage of \$1,000, and that, of course, factory and machine products, which the farmers must have¹⁸².

¹⁸² "I wonder how many of us know how easy it is for a family to fall into straitened and unfavorable circumstances. I wonder how many of us are aware of the dark menace that hovers over hundreds of homes in every city of the continent, through illness, unemployment, inadequate wages, premature and what is more lamentable, the preventable death of the bread-winner of the family. It is a statistical fact that the great majority of the families in Canada earn little more than will keep them in decency and comfort during normal times. The Dominion Labor Bureau has compiled the statistics of over twenty-two industries in the Dominion of Canada. In seven of these, e.g. flour milling, automobiles, agricultural implements, pulp and paper, meat foundry and machine shop products, lumber – there is only one of the seven which shows an average yearly wage of \$1,000.00 per year. If we take the best paid one of these industries, viz. foundry and machine products, we will find the

I am not going into debate with Mr. Blue, and I admit that that is very inadequate to meet the exorbitant cost of all things we have to buy, but I would like to compare the average farmer with those workers of industry. First of all, the latter has nothing invested. He works perhaps eight hours a day. He enjoys his evenings taking in the sights, and very often he is seen at the theatre or some moving picture show. A visit at most any of these will tell the tale, and when the year is up he has earned his \$1,000. The quarter-section farmer, farming from 80 to 130 acres, has from \$5,000 to \$7,000 invested.

I will quote this year, the most bountiful perhaps that Canada has ever seen, with horses that cost two years ago \$600 a team, today, perhaps worth from \$50 to \$150 apiece, depending on the fancy of a bidder for a particular horse. Last spring he paid for seed oats \$1.25 a bushel; wheat, \$2.50 a bushel. Today oats are worth about 20c, 15c for the threshing of them; wheat today, \$1.20, 20c for threshing, and besides, the farmer doesn't sit at night watching pictures. He either sits on his milking stool or sits around his stove to brood over his lonely condition. We may not need the reds' theory of revolution, but we sure need some revolting, some turning around, and that very quickly. It will be too late when we have been forced to sell our wheat at the present price, or in such case, if the moratorium is not continued, I am afraid that many of us will be sold out, and we will have to leave our life's earnings and walk to the city and be fed by charity.

Very likely, when our grain is out of our hands, the price will go up, and the speculator will reap the benefit, or, perhaps, when it is too late, our government will decide that they had better handle it. I would say that in such case, every one that was compelled to sell should be compensated. I don't think it would do much good for our Canadian government to control the wheat, without the United States doing the same. When I go to the store for a 20 pound sack of sugar, it matters not whether they ask one dollar or seven for it; if I want the sugar I must pay it, and our two governments would say: "We have the wheat, and if you want any, you must pay our price." I am a very small figure in this big country, but if I could get every farmer to think as I do, I would do like the miners. I would lay down tools until we got what we wanted. In vision I look across the ocean and see the beautiful pictures our commissioners show to the prospective immigrants, to the wonderful lands of opportunities, the land where the hen lays the golden egg, but how few at the time realized that the egg is infertile, and after years of incubation it still remains only an egg?

In union there is strength, and when the farmers are organized, only then will they get their rights. I would be very grateful to you, Mr. Editor, if you will print this letter, and before I close, I have one appeal to make to Mr. Meighen and Mr. Wilson,

following analysis instructive: 28 per cent. are paid over \$35.00 per week. 25 per cent. are paid over \$20.00 – \$25.00 per week. 23 per cent. are paid \$15.00 – \$20.00 per week. 13 per cent. are paid \$10.00 – \$15.00 per week. 8 1–2 per cent. are paid under \$10.00 per week." Blue, J. & Anonymous. (1920, November 23). JOHN BLUE PUTS WELFARE WORK IN PLAIN TERMS. *The Edmonton Bulletin*, p. 7. Written by John Blue (1873 – 1945).

that if they can't do anything for us, to get down from their thrones, take off their crowns, and let one that is a worthy representative of the people take their places.

A Second Opinion¹⁸³ (January, 1921)

Sir, – In your issue of Dec. 27, in a letter under the heading of “The Case of the Farmer,” Mr. Thomas, of Alliance, Alberta, states some simple, but stern facts. He puts his case in a graphic, not to say “meaty” way which must carry conviction to reasonable minds in all classes.

But what of that? The inevitable deflation slide is on, and will not be arrested until its two principal objects have been attained; that is: 1. Until the adverse exchange with the United States has been wiped out; and, 2. Until wages have been run down hill again in preparation for another climb.

The former of these movements is necessary, in order to protect the interests – many of them no doubt public – which borrowed from Uncle Sam when exchange was level or easy, and are now having to pay back heaped measure because the Canadian dollar is at a discount relatively to the American.

Both movements are necessary in order to protect the dividend-hunters from loss in the face of the fact that the prices of Canadian products have been boosted to the export peak.

That many hard working and honest farmers are being brought at least to the verge of ruin, and that much hardship to the workers in other classes is entailed in these movements, is of no account to the people who are engineering them, and who are accustomed to refer to them as demanded by “economic necessity.”

Whether the “economic necessity” referred to is one which affects the whole community, or merely a local or class interest, is not at present divulged; and in the absence of authoritative explanations, many thinking people will be sure to classify it as one more of the results of the futility of our present financial system.

But my main purpose in writing at present is to take up a statement which Mr. Thomas makes near the end of his letter. He says: “If I could get every farmer to think as I do, I would do like the miners: I would lay down tools until we got what we wanted.”

Now, it is possible that many farmers think like Mr. Thomas in this matter. I have discussed it with some of them, and have found that his way of looking at the situation is more a matter of feeling than of thinking – the kind of feeling that comes over a man when he reaches the desperate conclusion that he is up against an immovable object which nothing will shift but an irresistible force!

But this is a dangerous kind of feeling to let loose on; and it is absolutely necessary to stop and think, and not be carried away by the apparent inevitableness of such a policy. Here are some of the arguments I have used in this connection:

¹⁸³ From Wallace, W. (1921, January 17). “THE CASE OF THE FARMER”. *The Edmonton Bulletin*, p. 5. Written by William Wallace (1862 – 1942), one of the black pioneer farmers of Campsie, Alberta.

1. Mr. Thomas proposes following the miners' example. Now, when the miners have by striking obtained what they wanted, they can go back to work next day and commence making good the coal shortage resulting from the strike. But if the farmers were to strike by laying down tools, at the only time when such a course would be more than a bluff, viz., at seed-time, the season would probably be lost before an agreement could be arrived at, and nothing could be done to make good the shortage.

2. The foregoing argument is in a way putting the cart before the horse. For, while the miners could proceed at once to bargain collectively with the coal operators, it is by no means so clear with what authority the farmer could, under present conditions, proceed to bargain, either collectively or otherwise. And if, in the meantime, the season were lost, the bargaining would be apt to fall rather flat, seeing there was no crop in sight to bargain about.

3. The effect of striking in this way would be to biff the wrong man. We all know who it is that pinches the farmer's pay. We may not be able to hand out evidence in support of our charges such as Sir Henry Drayton would accept; but that is because Sir Henry Drayton, and the rest, persistently protect the accounts of the culprits from violation by the public auditor; so that they can tell a credulous public just what they choose. (Vide various assertions by packing plants as to their profits per pound.) Nevertheless, we know who are the farmers' enemies, and we are getting to understand their tactics.

If, then, the farmers laid down tools by way of taking a biff at these enemies, is there any doubt that the blow would be turned, as usual, on to the innocent consumer? Would you farmers, by shortening production, confer on the co-operating middlemen serious discomfort in comparison with the tortures of hunger and starvation you would inflict on the feeble and defenceless poor? What would be the use of biffing Peter to beat Paul – unless it were to make an enemy of Peter also?

4. A great deal of righteous indignation was fomented against the Germans during the war in the matter of their "frightfulness" policy. Because they shot down, or blew up defenceless women and children and old men in cold blood, in order to impress them with the horrors of war, and perhaps scare them into advocating submission, as they were cursed as bloodthirsty barbarians.

Tell me, Mr. Thomas, and those others who think with him, would it not be still more cruel and barbarous, to subject these men and women and children and old men to the slow and prolonged torture of hunger and starvation? And, if you, by your strike policy, created a shortage of food, what else could happen? Would not the rich and strong, as usual, take what they wanted, so that the poor and helpless would at best have to go on short rations?

The Germans used "frightfulness" in order to win a big world war and secure the world domination that implied, but you farmers, who agree with Mr. Thomas, are advocating a worse form of frightfulness to win a slightly bigger price for your produce! And I don't think you would get what you want that way, any more than Germany did!

5. One other point. Suppose we go the whole hog on the strike argument, and imagine for a moment that all the farmers in Canada lay down tools next spring, as

an organized protest against market conditions. Some crisis, you will say! The rest of the nation will be apt to call it a hold-up, and treat it accordingly.

Now, in a democratic country, it is taken for granted that the will of the majority goes; and the minority is expected to play the game like good sports. History and local experience both show that when a minority tries to buck the community, it generally bucks itself out of the community.

What would that mean in this case? I can only see one interpretation. The government, acting on behalf of the community – or at least, the majority – in such an impossible crisis, would issue an ultimatum calling upon the farmers to go back to their work and get a crop in at once; and if they refused, and persisted in playing dog-in-the-manger with their privileges, the government, it appears to me, would have no alternative but to forthwith cancel all land titles and substitute some sort of scheme of limited tenure, instead. Dangerous disorders demand drastic remedies; and, anyway, there are lots of thinking people who, following Henry George, think all private property in land wrong. Probably the labor class would support such a move bodily. And that's about all the farmers would get out of their strike!

There is much more wisdom and insight in the wheat pool proposition, which strikes at the root of the trouble. The real cause of the farmers' failure to bargain collectively for their produce is the fact that they have at present to dicker individually against a highly organized co-operative buyer. There is really no dicker at all. The buyers names his price, and the seller can take it or leave it.

The End of the First Wheat Board¹⁸⁴ (August, 1921)

On the second anniversary of the foundation of the Canadian Wheat Board, a meeting of members this afternoon terminated the board's activities. [...] The Board came into existence August 11, 1919, and was formed for the purpose of assisting the farmers to market their grain under protective measure.

Years later, the profits¹⁸⁵ (January, 1925)

Western Canadian farmers will be some half million dollars richer this spring by the distribution among the western provinces of the surplus profits of the operations of the Canada wheat board, which marketed the 1919 crop. [...] The amount available in the treasury was estimated last season at \$550,000 by delegations who waited upon the government to ask for the payment of the money to finance the initial transactions of provincial wheat pools handling last season's crop. At that time the [...] government [said it] would hold the money as security for the amounts still owing on seed grain advanced to western farmers.

¹⁸⁴ From WHEAT BOARD PASSES OUT OF EXISTENCE. (1921, August 12). *Daily Colonist*, p. 1.

¹⁸⁵ From SURPLUS PROFITS OF WHEAT BOARD COMING TO WEST. (1925, January 28). *Oyen News*, p. 3.

The Wheat Pools

“Enlightened Selfishness”¹⁸⁶ (August, 1913)

Some time ago there was much laughter about the duke who had to have two footmen to serve him a soft-boiled egg, but I wonder if his case was any funnier than that of the ordinary Canadian consumer who has to have from two to six middlemen to serve him a baked apple. But that is hardly exact, and I hasten to explain before the middlemen all get angry. What I should have said was, “one middleman and five profit-takers.”

I believe that the middleman has a proper place in the scheme of things, but the more I investigate the question of distribution of farm products, the more I am convinced that the field of the middlemen is over-run by people who should be called “profit-takers.” Instead of helping the work of distribution, they hinder it so that they may take profits. That they are able to do this is due to business conditions, the rights and wrongs of which I leave to the high debate of those who claim to understand the rights of capital, tariffs and politics. My own private opinions on those subjects are entirely too offensive to be offered here. But I am glad to see a way out that makes it unnecessary to take a chance of starting a heated and futile argument. I am inclined to think that both the producers and consumer are in much the same position as the prisoner described by Artemus Ward¹⁸⁷. He had languished in prison for thirty years, but one day a bright idea occurred to him. He got up and walked out. It seems to me to be entirely possible for many of the producers and consumers to do the same and to leave the “profit-takers” high and dry and empty-handed. [...]

As nearly as I can see, co-operation is simply a form of enlightened selfishness by which we get the highest good ourselves by seeing that others get the same treatment as we do. The experience of the movement goes to show that no individual working without capital could possibly get as great benefits by working independently as he can by co-operating – no matter how sharp he may be. The capitalist, of course, has advantages, but co-operation enables the man who is working for his living to get a service as good as the moneyed man can get. As co-operation is aimed chiefly at the cost of living, every man can still follow his private bent in his occupation. Moreover, the men employed in the co-operative movement are really middlemen who simply take their earnings instead of using the means of distribution to make profits.

In one case that I know of, the co-operative society, when starting a store, bought out a grocer and gave him a position as manager. This was not wiping out the middleman, but putting him on a sound footing where he had assured customers and

¹⁸⁶ From McArthur, P. (1913, August 30). ENLIGHTENED SELFISHNESS. *The Regina Leader*, p. 17. Written by Peter McArthur (1866 – 1924).

¹⁸⁷ The pen name of humorist Charles Farrar Browne (1834 – 1867). The reference may be to Browne’s *Roberto The Rover – A Tale of Sea and Shore*, which features the following passage: “The Rover fled. He was captured near Marseilles and thrust into prison, where he lay for sixteen weary years, all attempts to escape being futile. One night a lucky thought struck him. He raised the window and got out.”

a guaranteed income. I fail to see that such a way of doing business hurts the middlemen as a class. Each of them is struggling to get his business on a basis that will enable him to get customers and a good income. The outcry we hear against the movement is largely due to the fact that this scheme leaves out the capitalist and makes it impossible for him to take profits. In leaving out the capitalists, the ordinary co-operator is doubtless selfish, but as the capitalist is provided for already, I do not find my sympathies unduly touched.

My personal opinion is that co-operation will make much more progress in this country if the people are shown that it is really as selfish as any other way of doing business. The great difference is that the selfishness of the mass of the people is pitted against the selfishness of the capitalistic few.

A history of co-operative wheat marketing¹⁸⁸ (February, 1930)

Shortly after the completion of the Canadian Pacific Railway in 1885, which opened up the Western plains, the production of wheat increased rapidly. An acute shortage of handling facilities soon developed. The use of flat warehouses for temporary storage was prohibited and farmers were refused the right to load their grain into cars from loading platforms.

Farmers complained bitterly over the treatment they received, and finally a Royal Commission was appointed in 1899 to investigate the grain trade. The Commission held that the farmers' stand was justifiable, and recommended reforms to remove the cause of the complaints. The suggested changes were incorporated into the Manitoba Grain Act of 1900. The Act also stated that farmers were to be treated justly in the distribution of cars. But the law was something of a dead letter. Having won the legal right to load their own grain, farmers could not often exercise it, as they had not sufficient cars.

FIRST ORGANIZED EFFORT

In 1901 the farmers organized the Territorial Grain Growers' Association¹⁸⁹ in what is now Saskatchewan. The new association strained every effort to improve the system of grain marketing, and in 1903 was successful in getting the car distribution clause of the Manitoba Grain Act recognized.

By 1905 the private line companies had gained almost complete control of the grain trade at country points. From previous experience, farmers knew that local country elevators could not compete successfully with the firmly entrenched line

¹⁸⁸ From Cairns, A. (1930, February 26). Thirty Years of Co-Operative Marketing Development Behind Canadian Wheat Pools. *The Winnipeg Tribune*, p.52. By Andrew Cairns (d. 1958).

¹⁸⁹ "A meeting was held on Wednesday last week in Indian Head to consider the advisability of establishing a grain-growers' association. [...] A very interesting discussion took place during which it was insisted that every other calling was organized and that farmers would not be listened to if they set forth their grievances individually but that if there were an authoritative body to speak for them and represent their grievances to parliament, the C. P. R. and other bodies, then effect would be given to their wishes. [...] [A] resolution was unanimously agreed to that an association be formed and a committee was appointed to draft constitution and by-laws." A Western Grain-Growers' Association. (1901, December 26). *The Regina Leader*, p. 4.

companies, so in 1906 they organized the Grain Growers' Grain company¹⁹⁰. The new company purchased a seat on the Winnipeg Grain Exchange, where it operated a commission business. By means of loading platforms in the country and their own representative on the Winnipeg Grain Exchange, farmers were able to compete with the companies.

EXPELLED FROM EXCHANGE

All went well for the new company for a while. Farmers sent it about one hundred cars a week and were well pleased with the service they received. After six weeks of successful operation, the new company was suspended from the Winnipeg Grain Exchange¹⁹¹. The farmers' company offered to meet the objections raised by the Exchange, but its application to be reinstated was refused. The Manitoba government finally lent its support to the farmers' cause and characterized the action as "arbitrary and unjustifiable exercise of powers conferred through your charter." Eventually, the farmers' cause won and the company was reinstated as a member of the Exchange.

LOCAL ELEVATORS

Farmers were not satisfied with the improvements at country points, and contended that local elevators were needed to serve the producers. An attempt was made to get the governments of the prairie provinces to acquire and operate a chain of elevators to safeguard the farmers' interests. The Alberta and Saskatchewan governments turned down the proposal. The Manitoba government acquired about 170 elevators during the years 1911-12. The venture proved a failure, and after suffering a heavy loss the Manitoba government leased the elevators to the Grain Growers' company in 1912.

The Saskatchewan government appointed a commission in 1910 to make a study of the grain trade in the province and recommend steps to bring about improvements. The Saskatchewan Co-Operative Elevator company was formed in 1911 as a direct result of the commission's report. The ownership and control of the company was vested in the farmers' hands. The Saskatchewan government lent 85 percent of the necessary capital to build the elevators, to be paid back on the amortization plan over a period of twenty years, and guaranteed the company's bank accounts.

¹⁹⁰ "The Grain Growers' Grain Company is a co-operative concern, in which 2,500 western farmers are shareholders on a commission basis of one cent a bushel, all profits at the end of the year to be distributed in the ordinary method employed by companies in distributing dividends." BITTER FIGHT EXPECTED. (1906, October 25). *The Montreal Gazette*, p. 4.

¹⁹¹ "For the past year the exchange has been rigidly enforcing its rates regarding commission to be charged by members handling grain for non-members. Many members have been penalized for breach of the rules, but all have heretofore paid the penalty and raised no objection. The regular commission of one cent a bushel is charged outsiders, but anything in the nature of a rebate or tacit understanding to return part of the commission charge is absolutely prohibited under the exchange rules. The proposal of the Grain Growers' Company to return to its shareholders a portion of the year's profits in the shape of dividends is regarded by the exchange as in the nature of a rebate. The company claims that as an incorporated concern, its shareholders are entitled to a share of the profits. This is the point which has occasioned the trouble. A stormy session of the Grain Exchange Council today resulted in the expulsion of the company." BITTER FIGHT EXPECTED. (1906, October 25). *The Montreal Gazette*, p. 4.

ALBERTA FARMERS' CO-OPERATIVE

In 1913-14 the Alberta Farmers' Co-operative Elevator Company was organized. The provincial government provided 85 percent of the necessary capital for construction of elevators, and guaranteed the company's bonds. The Alberta government, unlike the Saskatchewan government, did not guarantee the company's bank accounts, so it depended on its financial and selling agent, the Grain Growers' Grain Company, for working capital. The ownership and control of the new company were vested in the farmers' hands.

Steps were taken in 1915 to amalgamate the three farmer companies, which finally resulted in the union of the Alberta Farmers' Co-operative Elevator Company and the Grain Growers' Grain Company in 1917 under the name of the United Grain Growers' Limited. The Saskatchewan Co-operative Elevator Company continued to operate independently.

The strong demand for some form of centralized selling, similar to the plan the Pool now follows, grew immediately out of the farmers' experience with stable prices during the Great War. In Canada, as in the United States, Australia and other countries, the wheat crop during the later years of the war was controlled by the government.

Premier Martin¹⁹² of Saskatchewan announced on January 8, 1921, that he had appointed a committee composed of James Stewart¹⁹³, who had been chairman of the Wheat Board, and F. W. Riddell, general manager of the Saskatchewan Co-operative Elevator Company, to investigate the wheat marketing system and recommend steps to build a superior system. In May, 1921, the committee reported in favor of an extensive co-operative marketing system¹⁹⁴, but favored a voluntary pool rather than one based on a contract.

FARMERS IN PARLIAMENT

The proposed pool was discussed by farmers throughout 1921. The great success of farmers' candidates in the general election of 1921 changed the complexion of the problem somewhat. The pool committee reported to the Canadian Council of Agriculture in 1921 that it had gone into the proposed pool very thoroughly and had found "that under existing conditions it will not be possible to secure such contracts assuring delivery to the pool for five years of all the wheat of farmers raising 60 percent of the total," and that they "cannot recommend that the original project be

¹⁹² William Melville Martin (1876 – 1970) was premier of Saskatchewan from 1916 to 1922.

¹⁹³ James Stewart (1881 – 1941) worked in various branches of the wheat trade. Before the Great War, he worked for the Western Elevator Company. After the war, he was chairman of the first wheat board, after which he served as president of the Maple Leaf Milling Company.

¹⁹⁴ "A voluntary scheme of wheat marketing operated by a specially created organization directly responsible to its farmer-patrons, provided sufficient demand for voluntary pooling exists and provided the government is desirous of acceding to that demand, is the recommendation contained in the report on wheat marketing prepared by James Stewart and F.W. Riddell, of the Canada Wheat Board, at the request of the Saskatchewan government. [...] [I]n considering any form of wheat marketing pool, involving less than complete national control, one based upon voluntary co-operative effort on the part of the producer, is preferable to one bound by the provisions of a legal contract." NO-CONTRACT SALES PLAN BEST FOR SASKATCHEWAN, SAY STEWART AND RIDDELL. (1921, May 11). *The Saskatoon Phoenix*, p. 1.

further prosecuted for the time being.” The Council accepted the committee’s report and referred the matter of reconstituting the Wheat Board to the farmers’ annual conventions. All three provincial organizations in convention favored the re-establishment of the Canadian Wheat Board.

The farmers’ representatives, who had a strong voice in the House of Commons at Ottawa, urged the government in 1922 to listen to the unanimous voice of the prairie farmers and re-establish the Canadian Wheat Board. The federal government replied that the 1919 board was established under a special war measure and that it had no constitutional power to create such a board in peace time. But the farmers would not give in, and prevailed upon the government to pass the legislation within its power, leaving the interested provinces to pass the necessary supplementary legislation and nominate the members of the board.

DEFEATED IN MANITOBA

Special sessions of the legislature were called in Alberta and Saskatchewan, both of which passed the necessary legislation. Manitoba could not follow suit in 1922, so the farmers were forced to sell their crop of 1922 on the open market. In April, 1923, the Manitoba government introduced a wheat bill, but it was defeated by a vote of 24 to 21. Premier Dunning, on behalf of Saskatchewan, and Premier Greenfield, on behalf of Alberta, continued their efforts to form a wheat board without Manitoba. In June, 1923, however, they announced that they were unable to create a board “combining all the necessary elements of experience, ability and public confidence.”

In the meantime, farmers had sold their crops of 1921 and 1922 below cost of production. But they were not dismayed by the failure of the governments to set up a wheat board, and with grim determination they returned with renewed vigor to formulate plans for a co-operative pool.

In July, 1923, the United Farmers of Alberta appointed a committee consisting of Stephen Lunn, W. J. Jackman (Now the Pool’s Argentina representative) and A. R. Brown to proceed with the organization of a pool. During the same month, the Farmers’ Union of Canada, an organization newly formed in Saskatchewan, appointed a committee of ten to create public opinion in favor of a pool. During the same month the United Farmers of Manitoba [U.F.M.] appointed a committee of three to press for the formation of a wheat pool. The U.F.M. announced later in the month that a pool could not be organized to handle the whole of the 1923 crop. The Saskatchewan Grain Growers’ Association appointed a committee of three to carry on the work to form a pool at the end of the month. The committee announced plans to form a purely voluntary pool without a contract.

Two of the Southam newspapers, The Calgary Herald and Edmonton Journal, invited Aaron Sapiro¹⁹⁵, famous co-operative marketing expert, to come to Alberta to speak on co-operation. Mr. Sapiro’s meeting aroused great interest and resulted in increased enthusiasm for the pool.

In the early part of August, 1923, a committee representing the U.F.M., the unorganized farmer, the press, the government, the banks and other business interests, proceeded with the preliminary work of organizing a pool. The drive started

¹⁹⁵ Aaron Leland Sapiro (1884 – 1959).

on August 20, 1923. The objective set was 50 percent of the 1923 acreage of wheat. The contract provided that if the objective was not reached by September 5, 1923, the trustees of the pool could proceed with the organization after the signatories had been given an opportunity to withdraw. The drive was carried on with great enthusiasm by volunteers who gave their time gratis. Bankers, business and professional men and farmers turned out in droves and scoured the country for signatures. When the drive ended on September 5, 1923, the pool was only five percent short of its objective. Members were given until September 22, 1923, to withdraw. The additional acreage signed between September 5 and September 22 was greater than the acreage withdrawn.

Following Mr. Sapiro's address to the Farmers' Union in Saskatoon, the Saskatchewan Grain Growers' Association abandoned their plan for a voluntary wheat pool and joined hands with the Farmers' Union to establish a pool based on a five-year contract.

SASKATCHEWAN DRIVE

The campaign for signatures in Saskatchewan started on August 29, 1923. The Saskatchewan contract, unlike the one used in Alberta, specifically stated that if 50 percent of the 1922 acreage was not signed up by September 12, 1923, the contract was null and void. The time allowed was too short, as when September 12 arrived the objective had not been reached. However, waivers were secured to extend the date for reaching the objective. The campaign was carried on throughout the winter of 1923-25, and the objective reached in the summer of 1924. The United Farmers of Manitoba postponed their drive until 1924.

Late in September, 1923, steps were taken to put the Alberta Pool in operation. After a few weeks' negotiation the elevator companies signed a contract, similar to the one used by the Wheat Board in 1919-1920, to handle pool wheat. The Canadian Bankers' Association agreed to advance the pool a line of credit for \$15,000,000 at 6½ percent interest, on the security of terminal warehouse receipts, and an initial payment of 75c per bushel, basis No. 1 Northern at Fort William. The Alberta Pool opened for business on Oct. 19, 1923.

CENTRAL SELLING AGENCY ORGANIZED

In the summer of 1924, the farmers of Manitoba and Saskatchewan joined the pools in great numbers. Permanent boards of the two new pools were soon elected. Representatives of the three pool boards met in Regina late in July, 1924, and organized, under Dominion Charter, the Canadian Co-operative Wheat Producers Limited, commonly known as the Central Selling Agency.

The structure of the Wheat Pool is built upon a co-operative foundation; the full control of its operations rests exclusively in the hands of its members. Each member has only one vote, and therefore a voice in the association equal to any other voice. The Pool is entirely a non-profit organization operating to render service at cost to its members. The governing bodies, the delegation and boards of directors of each provincial pool are elected by popular ballot annually by the members.

“The year 1923 was a very memorable one”¹⁹⁶ (April, 1929)

The year 1923 was a very memorable one in the history of Western Canada. We harvested in that year the largest crop in the history of the country up until that time, and also a crop of a high quality as had ever been produced. As a result of the low prices secured, however, farmers experienced at least as difficult times as any in the whole history of the country. If an awakening were needed, the experience of 1923 was sufficiently drastic and alarming to arouse the most thoughtless and easy-going farmer. An unprecedented yield of a corresponding high quality, and yet not enough money returns from the sale of the crop to meet liabilities, to say nothing of any surplus. Farmers could not have had a more clear-cut illustration of the fact that, however necessary it may be to adopt the most modern and up-to-date cultural methods in order to insure, as nearly as possible, high yield and good products, this alone will not, and cannot, make the agricultural industry independent or prosperous.

When the Canadian Wheat Board was discontinued in 1920, the price of wheat went down very quickly. In fact, the price of everything farmers produced went down, while at the same time, the price of the things they had to buy advanced. While the rest of the country was still prospering, and prospering partly as a result of wheat crops grown on the farm, conditions on these farms were going from bad to worse.

It is only necessary to glance at some of the official figures given by the federal department of agriculture for the past few years to show conditions as they affected farmers. For a wheat crop of 474,000,000 bushels in 1923, the farmers received a little over \$316,000,000. For the wheat crop of 1925, of 262,000,000 bushels, the farmers received approximately \$320,000,000, or \$4,000,000 more for a crop that was over 200,000,000 bushels less than the previous year.

NEED FOR ACTION

These figures would make one wonder which was the more profitable – a good crop, or a poor crop. From a comparison of the net results of these two years, it would appear that the harder a farmer worked, and the more wheat he produced, the less he received for it, and the poorer he became.

It was evident something had to be done, and, when every effort to re-establish the wheat board failed, the farmers decided to take things into their own hands on the principle of ‘God only helps those who help themselves’.

Late in the summer of 1923, an attempt was made in Saskatchewan and Alberta, with the assistance of Aaron Sapiro, to organize pools in time to sell the crop of that year. Alberta was the only province which was successful in setting up the necessary machinery in time to operate with less than 50 per cent of the wheat acreage of the province, but has long since passed the objective. Saskatchewan decided at the beginning that it would not operate a pool until it had 50 percent of the wheat acreage of the province under control. The 50 percent was not reached until June, 1924, at which time contracts representing sufficient acreage had been secured to establish a pool in each province.

¹⁹⁶ From Wheat Pools Fulfill Dream Of Struggle For Organization. (1929, April 27). *The Winnipeg Tribune*, p. 33.

DRAFTS FIVE-YEAR CONTRACT

A five-year contract was drafted by Aaron Sapiro, much along the same lines as that already in use among California fruit growers and growers of other commodities, who have organized along similar lines. The whole structure of the organization is based on this five-year contract between the grower and the pool. It is a binding contract by which the grower pledges himself to deliver every bushel of wheat which he owns or controls during the life of the contract. There was a doubt at one time, in the minds of some people, as to whether or not the contract could be enforced. This doubt has been dispelled by a decision handed down by the appeal court of Saskatchewan in connection with the case of a member who sold his wheat outside the pool. Members of the pool know today that if they sell any of their wheat outside the pool they are liable to have to pay 25 cents a bushel liquidated damages, which is provided for in the growers' contract.

BASED ON PRINCIPLE

The main principle on which the Canadian pools have been built is that they are strictly non-profit, co-operative associations. Each of the three provincial pools is a separate entity, self-controlled in every respect, with its own plan of organization and management, its own officials, administering its own internal affairs, and collecting its own grain.

The central selling agency, formed by the three provincial pools, sells the grain which they collect.

The method of control is entirely democratic. As an instance, for purposes of electing a governing body, one province is divided into 16 districts from each of which a director is elected. Each district is divided into ten sub-districts. The contract signers in each sub-district elect a delegate who must be a grower of wheat, a contract signer and a resident of the sub-district in which he is elected. The ten delegates so elected in a district elect a man, who must be one of their own members, to be a director. The directors so elected in the 16 districts constitute the provincial board, and from this board three are elected to represent the province in the central board.

FARMERS BUILD

The organization has been built by the farmers. It is controlled and directed by the farmer members through their elected representatives. No individual, or set of individuals, outside of the members themselves, has any control or voice in directing the policies of the pool. Any success that the organization has met with so far is attributable in no small measure to the live, keen, individual interest the members have taken in all its activities. Although the membership is large, it appears that a very large percentage of this membership has a feeling of ownership, and an individual sense of responsibility for its success. This condition gives greater promise of the continued success than any other feature.

When organizations were complete in the three provinces, steps were taken to establish a central Canadian body in order to eliminate any competition in selling among the three provinces. One of the real dangers of a movement such as the Wheat Pool is rivalry between different organizations within the same movement. The spirit and vision of the Western Canadian farmer-members of the pools is best indicated by

the fact that one of the provincial pools, on the average, delivers to the central organization approximately eight to ten times as much wheat, [but the] three provincial pools have equal representation on the central selling board. The pool is not selling Manitoba wheat, or Saskatchewan wheat, or Alberta wheat, as such, but Canadian pool wheat.

POOL BOARD REPRESENTATIVE

The Canadian pool board is composed of nine members – three elected from each provincial board. These nine men constitute the governing body of the Canadian Co-operative Wheat Producers Limited, or what is more widely known as the Central Selling Agency.

Each provincial pool has a contract with this agency, in which it agrees to deliver to that organization all the grain delivered to it by the farmers. By means of this form of organization, a contract signed by the farmer, pledging himself to deliver all his wheat to the provincial pool and in turn the provincial pool agreeing to deliver all such grain to the central body, there is today in Western Canada one central agency which is selling the wheat of 130,000 to 140,000 farmers in exactly the same manner as if it all belonged to one man. In other words, the farmer is now in a position to merchandise that quantity of wheat in the same manner as a manufacturer or any other business man who has something to sell. The farmers of Western Canada have never been in that position before. They are no longer content to raise products in huge quantities and of high quality, and leave the selling of these products in the hands of men who have no interest in them, other than middlemen's profits.

DETERMINED TO CONTINUE

The farmers continue to do all they did before, probably more, in the way of exercising care in the quality of their products, but, in addition, they are taking charge of the very important work of merchandising these products in the markets of the world, in such a manner as, in their opinion, will bring the greatest possible returns to themselves.

An organization such as the pool, controlling as it does over 50 percent of the Western Canadian wheat crop, marketing the wheat of more than 130,000 farmers through one single agency, which has complete control, gives promise of more satisfactory returns than the old system under which each of the farmers dumped his wheat on the market when the spirit moved him, without knowledge of world-wide influences as they affect the wheat market, such as crop conditions in wheat exporting countries, stocks and probable stocks in these and the importing countries, weather conditions and possible requirements in importing countries. Even if the individual had all this information, it would be of little value to him insofar as it concerned any influence he could exert on the market, either by withholding or selling his 1,000 or 2,000 bushels of wheat. With such a large volume of grain as the pool controls, it can engage men of experience to continuously study these matters. It sells wheat from day to day in accordance with what it believes to be the requirements of the markets, having in mind always the factors above mentioned.

ALL CREDIT NOT CLAIMED

The pool does not claim all the credit for the prices which the farmer has received for his wheat since the pool was organized. So many factors enter into determining the price of wheat that it would be difficult for any man to state definitely the influence of any one factor.

A. J. McPhail¹⁹⁷, the president of the Canadian Wheat Pool, recently said: "The basis of our selling policy is a reasonably profitable price for our wheat. Our main objective is, if possible, to stabilize the price of wheat at a level that will compare favorably with the price levels of other essential commodities, commodities which the farmer must buy. If we can achieve that end, or even come approximately near it, we will, to a great extent, have achieved our main objective so far as wheat is concerned, and have taken a great step towards putting agriculture on a footing of equality with other essential industries."

SYSTEM DESCRIBED

Each farmer in the pool receives the same price for the same grade of wheat, less freight from his home point to Fort William, or in the case of Alberta, from the farmer's shipping point to Vancouver. The pool makes an initial payment when the farmer delivers his wheat to the elevator, a first interim payment in the spring when he is in need of money for his seeding operations, a second interim payment usually in July for harvesting expenses, and a final payment when the wheat is sold and the final price determined. The initial payment has been \$1 a bushel, basis One Northern Fort William each year until 1928, when it was reduced to 85 cents because of world conditions. Last year the first interim payment was made on March 9, amounting to 15 cents a bushel on wheat. Something over \$27,000,000 was mailed to pool farmers in the three provinces on that date. The cheques are prepared in advance and all are mailed on the same day in order that all members will receive payment on as near the same date as possible. These payments are made as large as possible in keeping with the absolute financial safety of the institution. The pool must maintain a 15 percent margin of safety with the banks.

STABILIZING BUSINESS

Aside from any financial benefit to the farmers that may result through orderly marketing, the method of distributing the payment of the proceeds of the sale of wheat throughout the year has a very beneficial effect, and is helping to put the business of the country on more of a cash basis. The pool suggests that the farmer who sells his wheat in the fall outside the pool and gets all the proceeds of the sale at one time, is in no better financial position when March arrives than the farmer in the pool who takes only an initial payment at the time of delivery, and who has still coming to him a payment before seeding and another before harvest. What is true of the farmer will also apply to the average man in any walk of life under similar circumstances.

Although the pool was organized for the specific purpose of gathering the grain of its farmer-members, and for the purpose of controlling its flow in a regular and

¹⁹⁷ Alexander James McPhail (1883 – 1931) was president of the Saskatchewan Wheat Pool from 1923 and of the Central Agency (Canadian Cooperative Wheat Producers Ltd.) from 1924 until his death.

orderly manner to the markets of the world through one single central selling control, it was soon discovered that, to be able to do this as effectively as possible, it would be necessary for the organization to control the facilities through which the grain is handled.

BUILD UP ELEVATORS

During the past three years the three pools in Western Canada have built up very large elevator organizations. The elevator organizations are financed, owned and controlled by each pool within the boundaries of the respective provinces. This year the pools will operate in the three provinces over 1,400 country elevators with an approximate total storage capacity of 50,000,000 bushels.

In addition, the organization has terminal elevators at Fort William, Port Arthur, Vancouver, Prince Rupert and Buffalo, with a total storage capacity of approximately 35,000,000 bushels.

ACQUIRES VAST PROPERTIES

It is remarkable how the pool has been able in so short a time to acquire so much property in the shape of handling facilities. The organization has authority under the grower's contract to deduct from the proceeds of the sale of the farmer's wheat two cents a bushel for the purpose of building or acquiring grain handling facilities. In addition, authority is given to deduct one percent of the gross selling price of the wheat for commercial reserve. In handling such large quantities of wheat, these deductions accumulate very quickly. The elevator reserve is credited to the farmer in proportion to the amount of wheat marketed by him and an interest-bearing certificate is being issued to him, now that we have reached the end of our first contract period. The commercial reserve belongs to the organization and will not necessarily be distributed, except in case of dissolution of the company. It is regarded by the board as a safeguard to protect our selling, or market position in case of an emergency arising at any time. Pool members have been very loyal in delivering their grain to their elevators. It is no exaggeration to say that the grain handlings in the pool elevator system this year have been the largest ever known in Canada's western Inspection division. There was no carry-over into this year's pool, in comparison with a 10,300,000 bushel carry-over from the 195 crop, and 7,400,000 bushels from the 1926 crop. Total pool deliveries to the Central Selling Agency in past years were: 1924, 81,159,924 bushels; 1926, 179,950,252 bushels. In 1923 the Alberta pool handled 34,218,980 bushels. The Central Selling Agency also sold 16,000,000 bushels of coarse grain last year; 21,000,000 bushels in 1926-27, and 25,000,000 bushels in 1925-26.

In round numbers, the combined membership in the three provincial pools under the new contract is 132,000. Under the first contract, the membership figures for the past three years [were:] 1924, 91,000; 1925, 122,000; 1926, 140,000. The wheat acreage now under contract, in round numbers, is 16,000,000, as compared with 15,000,000 in 1926, 14,000,000 in 1925 and 10,000,000 in 1924. The combined elevator and commercial reserves for the three provinces now total \$21,307,500. The pools operate 1,417 country elevators and 11 terminals, with a total storage capacity exceeding 80,000,000 bushels.

“The Sapiro plan”¹⁹⁸ (August, 1923)

The Sapiro plan for a long-term contract wheat pool in Saskatchewan will be in operation by the first week in September, if everything goes as expected.

After listening to the California co-operative expert speak for more than one hour on Tuesday afternoon, 2,000 farmers from all parts of the province showed their hearty approval of the plan. It was announced that the Saskatchewan Grain Growers had decided to drop their plans for a separate pool and back up the new organization. Premier Dunning¹⁹⁹, in a short address, also announced that the Saskatchewan government would back the scheme and give every possible assistance. He intimated, however, that he was not out to support any government “spoon-fed” pool.

Arrangements have already been made for the organization of a provisional committee, and this will be named almost at once. It will consist of five representatives of the Saskatchewan Grain Growers’ Association, three representatives of the Farmers’ Union, and others representing the co-operative elevators, the private elevators, business men and professional men, according to suggestions made by Mr. Sapiro.

VOLUNTEER WORKERS

It is expected that within 25 days a thousand volunteer workers will have signed up two-thirds of the grain growers of the province, and that in that time the directors, 21 in number, all grain growers, will have been appointed. [...]

MANY FAILURES

Mr. Sapiro said there were more false forms of co-operation than sound forms. In California there had been 20 failures in co-operative marketing for every success. He divided the organization of a successful co-operative into three stages. The first was to discover quite clearly the aim in view. The second was to create the right machine to take the producers in that direction. The third was to find the right driver for the machine. First, the aim, “Don’t organize to attack the fringe of the farm problem,” urged Mr. Sapiro. “Don’t organize to cut a few cents from the selling price. Solve the central problem, or none at all, and the central problem is to stop dumping and substitute merchandising in the sale of farm products.”

GROWERS SOLD BLINDLY

The Californian illustrated “dumping” and “merchandising” by a history of the cotton growers’ effort in co-operation in the northern states of the American union. There were 1,200,000 families in these states dependent on the returns from the cotton fields. Their crop seems easy to market because they produce the greater part of the world’s supply. Yet, under the plan formerly in use, they dumped 80 percent of their cotton on the market within 50 days of ginning. Pressed by debt, they sold blindly, throwing cotton on the laps of the buyers and taking the price offered.

“Who breaks the price of cotton?” asked Mr. Shapiro. “The growers themselves break the price. Every farmer in the world who sells as an individual breaks his own price.”

¹⁹⁸ From Saskatchewan Solidly Behind Contract Pool. (1923, August 8). *The Winnipeg Tribune*, p. 3.

¹⁹⁹ Charles Avery Dunning (1885 – 1958) was Premier of Saskatchewan from 1922 to 1926.

The speaker defined merchandising, and the co-operative selling plan opposed to the individual plan, which meant merely dumping. "To merchandise a crop," he said, "is to control its flow to the market so that it can be absorbed at fair prices."

BUSINESS PLAN NEEDED

That was the aim in view, to substitute a business selling plan for a blind selling plan. Mr. Sapiro went on to explain the technique of creating the right machine to attain the aim. He made several leading points. Co-operative organization, he said, must be on a commodity basis and an absolutely non-profit basis, must stick to the marketing of a single crop or group of related crops, must never handle a single bushel for a non-member, must create democratic control, must rest on long-term, enforceable contracts, and must have a sufficient guarantee of delivery.

GROUPING NOT WISE

In regard to the commodity basis, he argued that in time a Dominion-wide wheat marketing co-operative would be created. It was of no use to organize by localities. That had been the mistake of the American wheat growers, and they had failed to get results.

The Rochdale co-operative plan was a plan to make money out of some farmers and pay it over to others. It was merely a profit-sharing scheme, whereas a producer's co-operative should be strictly non-profit.

"Don't sell potatoes through a wheat pool," urged Mr. Sapiro, making his third point. "Stick to the commodity to market which you first organized. In time you may group wheat, barley and oats in a single pool, but it would not be wise this year.

MUST HAVE CONTRACTS

"Never accept a single bushel from a non-member of your co-operative organization. The outsider has no right to claim a share in the advantages of co-operation if he has shown none of the spirit. Create democratic control. Use the one man, one vote system in your co-operative, and don't allow proxy voting. Elect your directors by districts through a postcard ballot. They must be growers and residents of the districts which they represent, and they should not hold office for longer than a year. Don't let any group of men secure three-year control over your organization.

"You must have contracts; without written contracts your co-operative will find itself doing no business, sitting there all dressed up with nowhere to go. Co-operatives die without contracts. The advantages of having them are the certainty that you are going to be in the business, the ability to sell in advance, and the greater facility of securing credit."

LONG TERM CONTRACTS

Mr. Sapiro referred to the proposal of the Saskatchewan Grain Growers' Association to establish a non-contract pool. "If that is done," he said, "your province is going to see the worst mess it ever saw." He told of the results of the establishment of non-contract pools in California, and applied that to Saskatchewan's problem. Supposing the average season's price of wheat to be 82 cents a bushel, he asked whether a farmer who had sold to the voluntary pool when the market was 85 cents would be satisfied to receive three cents less. He would not be, if he was like some

farmers in California. They had sued directors of voluntary pools, and broken them. Contracts must be for long terms, Mr. Sapiro continued.

WHY WHEAT BOARD FAILED

“If you sign up for one year, you are signing up for perpetual war,” the speaker said. “How can you pay your facilities, and employ the big men you will need on a one year’s guarantee? If I am not mistaken, you failed to get the wheat board because no grain men were willing to take the jobs. If the wheat board worked badly, they were the [scape-]goats. If it worked well, they were out of jobs for the rest of their lives. [...] With long-term contracts,” he continued, “you can develop the personnel of your management, develop your trade connections and build up your credit. Long-term contractors are the heart of co-operative marketing. In any case, your choice is between long-term contracts with your fellow-growers and life sentence to speculators.”

COLLECTORS FOR BANKS

Explaining the operation of the contract co-operative, Mr. Sapiro said it would pool by grades, deduct the minimum for handling expenses and give to each member the same sum for the same quantity and quality of his contribution to the pool.

The contracts, he said, would provide that in case a farmer’s growing crop was mortgaged, the co-operative association could arrange to act as collectors for the banks, and protect their liens while preserving the orderly system of marketing. Provision would also be made for the retention of seed and feed wheat by farmers, and for the separate pooling of registered seed.

In the matter of delivery, Mr. Sapiro foresaw the time when the farmers would control all elevator space. Five-year contracts would contemplate the purchase of elevators by the co-operative. It was good policy, Mr. Sapiro explained, never to build a new elevator when an old one could be acquired.

“You may say these private elevator concerns won’t play with us,” he went on.. “Well, in Alberta, 60 percent of the elevator space has already been placed at the disposal of the provincial pool. I believe the same thing would happen in Saskatchewan.”

Mr. Sapiro deprecated the idea that state financial banking was needed by the co-operative. “In California,” he said, “we are indignant if the government offers us monetary assistance. Our co-operative doesn’t want to be regarded as its wards.”

The western wheat crops, he said, were the best agricultural collateral in the world. If Canadian banks were not willing to accept it as security, he knew that between \$10,000,000 and \$20,000,000 was available from New York sources.

SHOULD BE SIGNED UP

Low interest rates had been secured by co-operatives in the United States, he told the meeting. On \$170,000,00 borrowed last year by American cotton and tobacco growers, only 5¼ percent has been paid.

Mr. Sapiro said that at least 50 percent of Saskatchewan wheat should be signed up before further steps were taken. “Don’t start small,” he urged. “You want to be the biggest operators in your commodity.”

Mr. Sapiro's last point on the technique of co-operation was that contracts should be enforceable. In California they had made welching on contracts more unhealthy than measles. Injunctions were taken against growers who broke their agreements, and court costs were collected from them. Injunctions were even taken against the dealers who persuaded the growers to desert their pool.

FROM ACTUAL EXPERIENCE

The technique he had described, Mr. Sapiro said, had been learned not from books but from actual business experience.

He attacked the third problem of effective co-operation – proper management – by the suggestion that the pool should entertain no applications from amateurs. Technical experts were needed at all points, grain men to run the marketing end, railway men to look after transportation needs and financiers to negotiate with the banks for good interest rates. Co-operatives in the United States paid high salaries to their managers at the top, but they had proved a good investment.

“Any way,” said Mr. Shapiro, “you are paying the grain men's salaries now. You are paying their expenses, their bonuses, and their dividends, every cent of them. You pay them to exploit you. If you must pay them, why not get one or two of them to work for you?”

ELEVATOR SPACE

Mr. Sapiro appealed to the farmers to look at wheat marketing from the world viewpoint, as the speculators had done for many years. “You must take a few leaves from their book,” he said.

He asked how many of his audience knew that the superior milling value and gluten content of some Canadian wheat made it command a premium of 10 to 15 cents a bushel on the world market. That was something that the dealers knew, and they profited from the information. The farmers did not.

The speaker was quite sure that elevator space in Saskatchewan would be readily available for a Saskatchewan pool. The private companies would respond in this province, Mr. Sapiro believed, as they had done in Alberta.

SINGLE SELLING AGENCY

He said that a Western Canadian wheat pool was bound to affect the world's market, because this country was the principal source of the world's wheat surplus. He thought, however, that the pool would expand much further than across the prairie. He foresaw the time when a single selling agency would market the crops of Canada, New Zealand, Australia, the Argentine and possibly the United States.

“You can get a better price for your product without soaking the customer one bit,” he said. “How much will co-operation get you? I don't know, but you cannot be worse off than you are, and this system will certainly give you a chance to do something for yourself in the way of intelligent marketing.

Mr. Sapiro suggested the appointment of a co-operative committee to start the campaign for a Saskatchewan pool.

IT CAN BE DONE

This committee could prepare and write out the form of contract to be used in the province. Mr. Sapiro was sure that 1,000 volunteers could be found to sign up

farmers during a campaign week. He thought a guarantee of at least two-thirds of the crop could be secured. He suggested also the later appointment of sub-committees on finance, operation, personnel, internal management and so on.

“You can’t let Alberta beat you in the solution of a problem in which you have a greater interest,” said the Californian. “I don’t believe Premier Bracken is going to let Manitoba be beaten, either.

“I’ll tell you it can be done,” declared Mr. Sapiro with emphasis, “if business men, bankers, professional men, every group in the community, offer co-operation to the farmers.”

REAL AIM OF POOL

He concluded with an account of what had been done in California with the profits of the co-operatives. The finest rural civilization in the United States had been created. The dollar looked like the immediate end of co-operative enterprise, but the real aim was a higher standard of living on the farms.

“Wheat Gambling”²⁰⁰ (February, 1925)

The amount of speculation that has taken place in wheat during the past two weeks, principally by people who are city dwellers, is another argument for the Wheat Pool. Speculation in the necessities of life is vicious in principle, and in the long run harmful to producer and consumer both.

There was some excuse for speculation under the old system, by which the farmer wanted cash for his grain on delivery, while the ultimate consumer did not get it for six months or more afterwards. Someone had to provide the cash. Under the pool system the farmer is content with a share of the price on delivery, borrowing co-operatively from the banks on his grain shipped for this payment. [...]

Speculation in wheat benefits the few at the expense of the many. The smaller speculator is more to be pitied than condemned, for in the majority of cases he loses, but the farmer very seldom gets what the minor speculator loses.

“Ready to be sheared”²⁰¹ (February, 1925)

In 1925, speculation on wheat futures – in particular, gambling on the price of wheat for May delivery – became a mania.

Winnipeg, January 29. – “Sheep getting ready to be sheared.” That is the way the grain trade insiders frankly regard the crowds now dabbling in the frenzied wheat market, and yet hundreds of thousands of real dollars have been taken out of the market in the past few weeks and as much in the past few days. It is the most

²⁰⁰ From Wheat Gambling. (1925, February 4). *The Strathmore Standard*, p. 4.

²⁰¹ From WILD SPECULATION IN WHEAT STARTLES THE WHOLE WORLD. (1925, February 4). *The Red Deer News*, p. 3.

spectacular situation witnessed on the Winnipeg Grain Exchange since the three-dollar flurry when the government took control under the war board.

You can hear any kind of a story around the exchanges, of fortunes taken out by speculators, and they are not the usual type that play the market, but many of them never bought an option before, and women are numerous. The corridors of the exchange building are actually cluttered up these days with a feverishly excited crowd of outsiders, who can't get in to the 37 board roofs, and overflow into the halls against the protests of the regular dealers.

MAKE SMALL FORTUNE

Two messenger boys quit their jobs in one large insurance house yesterday having made six thousand dollars out of the wheat market. One newspaperman, a reporter, has what it is claimed he could cash in for \$10,000, and he is still holding on, for, like most of those taking a flier, he is now calculating on May settlement being on a three-dollar basis.

There is no question but that hundreds of thousands of dollars were made in Winnipeg, Toronto, Vancouver, Chicago, Minneapolis and New York on yesterday's spectacular rise. A most responsible manager of a big grain exchange firm said to the writer last night:

"Anything can happen in this market, but one thing that is most likely to happen, and usually does happen, is that the public is going to drop a lot of money monkeying with this thing. It is not the regular dealers and speculators, but outsiders, largely farmers, that are buying and making this money. Look at the strange faces in the exchange building corridors, women with children, standing around walking until the head of the family can come out from where he is watching the market changes. Many times the women are in it, too.

FARMERS DOUBLING

"Certainly many farmers all over Western Canada are making money in the market and many have cashed in large sums, sold out and gone back two or three times. Toronto has the fever and Vancouver, Calgary, in fact the whole country, but the trade is not in it. There is nothing to warrant this condition. Manipulation alone would account for the fact that the spread between Winnipeg May and Chicago May a few days ago was five cents, and last night it was 15 cents. The United States undoubtedly is over sold, but there is plenty of wheat in Canada, say 140 millions, right now, in spite of all you hear to the contrary.

LAIID TO THE PUBLIC

"True, millers have not their supplies, but even this would in no way account for the skyrocketing situation. If importing countries were able to buy at present prices, which they are not, it might be justified, but the trade is not trying to justify anything of the kind. It is the public that has made this amazing advance possible. Importers are buying New Zealand and Argentine wheat some 12 cents under these Winnipeg and Chicago quotations, but the public is not considering anything but three-dollar wheat for May delivery.

ALL GET FEVER

“I know one farmer who made one thousand dollars on an investment of one hundred dollars a day or so ago, and now all his neighbors are buying options. Even from Quebec we are getting these orders, and they are pouring in from Chicago, but the wise ones are helping him along by selling on the Winnipeg market and buying at Chicago for the spread. I can’t say too deliberately that the public is getting ready to be stung good and plenty, and these thimblerriggers in Chicago and New York manipulating things will not be wholly to blame, for the public has really made this panicky price possible. Of course, there have been losses, too, but whoever admitted he made a loss gambling?”

“The pool refused to die²⁰²” (April, 1925)

After a sharp drop in price on March 18, which was quickly recovered from, the speculative bubble in wheat futures burst on April 4, 1925. This caused trouble for the Alberta pool, which has established a minimum price of \$1.35 for wheat, and needed the price to remain 15% above that for banks to continue providing credit.

“The crash in wheat prices which reached its climax Saturday on the Winnipeg Grain Exchange was an organized and determined effort on the part of big manipulators to destroy the wheat pools of the prairie provinces and the whole co-operative marketing movement on the North American continent.”

George W. Robertson, Regina, secretary of the Saskatchewan pool, [...] declared that Saturday, April 4, was the day set for the “funeral” of the Western Canada wheat pool by the manipulators.

It was that day prices slumped to \$1.34 for May delivery, one cent under the total pool payment to its members.

ONE THING SLIPPED

“The only thing that slipped,” Mr. Robertson said, “was that the pool refused to die. The pool today is the chief factor in the wheat situation. It can withstand attacks from any quarter. Its position is strong, and day by day is being strengthened. Today the pool is shipping wheat directly to 33 European ports. Day by day the direct export connections are being widened. [...]”

“That there was a well-organized attempt engineered by certain interests to destroy the pool, and with it the whole co-operative marketing movement on this continent, now appears to be evident. To be perfectly fair, we do not believe that a majority of the legitimate members of the grain trade were concerned in it; but that such a situation exists cannot be doubted. The recent situation of the wheat markets of the North American continent is *prima facie* evidence of this.

“THE FACTS”

“What is the exact situation? On March 1 cash wheat sold on the Winnipeg market at \$2.04 a bushel. At that time the wheat pool announced its interim payment

²⁰² From “FUNERAL” DAY WAS SET, SAYS POOL SECRETARY. (1925, April 8). *The Winnipeg Tribune*, p. 1.

of 35 cents per bushel. Within a few days there developed a series of declines, until, on April 4, the price of May wheat on the Winnipeg market was driven down to \$1.34, or a cent below the new initial payment made by the pool.”

That there was no justification for the price of wheat reaching this level is admitted on every hand. The following cable, dated April 4, from a large firm of British importers, is typical of the messages that were received:-

“Your decline destroyed confidence here. We have a favorable opinion of the market, and any improvement [on] your side will affect us here considerably.”

Another cable from Liverpool reads:-

“Your decline killed demand.”

And still another from London is as follows:-

“Demoralized here owing [to] your debacle.”

These cables indicate the situation so far as our chief buyer of wheat is concerned.

WORST IN HISTORY

Observers at the Grain Exchange advise us that no such attempt to hammer down prices had been witnessed in years. Small parcels of 5,000 bushels were offered one after the other, at prices from one to two cents under the previous sale. It was no ordinary weak market. It would appear that this manipulation of the wheat market was deliberate – for a specific purpose. And that purpose was to destroy the pool.

The only reasons which have been assigned by the press market reports for this market situation are:

- (1) That the pool was dumping large quantities of wheat on the market.
- (2) That there was no export demand.

With reference to the first reason – this statement is absolutely untrue. The pool was organized for the specific purpose of marketing the wheat of its grower members in an orderly manner. The policy laid down at the beginning of the marketing season has been and is being followed.

Regarding the statements that there has been no export demand, the cables quoted above indicate the true situation so far as exporters and importers are concerned. In spite of this, however, there has been a considerable amount of wheat worked for export. During this period, the pool sold a considerable amount of wheat at prices ranging from five cents to seven cents above Winnipeg market quotations.

STORY FOR FARMERS

It is an interesting story to Western farmers, and particularly to members of the Western wheat pools – the story of the day set for the burial of the pool. It was common gossip that Saturday, April 4, was the day set for the funeral. On Friday little groups of men could be seen and heard discussing the coming wake.

The plans were all made. The insidious propaganda of the speculative interests had been scattered abroad at all points where they would do the most good.

It was whispered everywhere that the pool was dumping wheat; that the pool was in financial difficulties; it had been forced into liquidation by its bankers; its contracts had been repudiated in Europe; the minute the market touched \$1.35 the pool was through.

“DER TAG”

Saturday was “Der Tag.” And everything worked out as it had been planned. The price was driven down, by methods described above, to \$1.34 – one cent below the new pool initial payment.

The only thing that slipped up was that the pool refused to die.

The attempt had been made and it failed, because the interests opposed to the operations of this producer-owned marketing agency had failed to take into account the power and strength of 10,000 organized farmers, acting as one unit.

The farmers of Western Canada need lose no sleep concerning the position of their wheat marketing agency. The pool today is the chief factor in the wheat situation. It can withstand attacks from any quarter. Its position is strong and day by day that position is being strengthened.

Today the pool is shipping wheat directly to 33 European ports, and its activities are gradually widening. Day by day the direct export connections are being widened. [...] The method of marketing wheat is gradually changing. More and more European buyers are coming to the pool for their requirements.

It is never safe to prophesy. It is impossible to say whether these market conditions will again be seen. In any case, the result will be the same.

“A large number of new contracts”²⁰³ (April, 1925)

It is stated that the drop in prices of wheat has brought a large number of new contracts²⁰⁴ to the Wheat Pool. The Pool states that new contracts can be accepted with safety, as the small amount of wheat still in the hands of individual farmers, if placed in the Pool, will not materially affect this year’s final payment.

The larger proportion of the wheat growers there are in the Wheat Pool, the better chance there is of the grower receiving a fair price for his product. The wild orgy of speculation which took place within the past three months is not to the benefit of the farmer. The higher the price the less wheat is sold, for the purchasing power of the consumer is limited by his ability to pay.

Under the speculative system the consumer is penalized, but the farmer does not get the benefit. The U.S. government is now endeavoring to find out who got the money in the recent scramble.

It may safely be said that it was not the small speculator. There are a number around here, and even some members of the Wheat Pool have been taking a whirl at the market out of the proceeds of the Pool payments, sometimes with money they were owing to their grocer.

²⁰³ From Grain Prices and the Pool. (1925, April 8). *The Strathmore Standard*, p. 7.

²⁰⁴ “Membership in the Alberta wheat pool now numbers more than 31,000. Contracts were coming in rapidly this week. [...] Since the decline in the price of wheat there has been a very marked increase in the number of contracts received at the head office of the wheat pool. This seems to indicate that many farmers who had more faith in their own marketing ability than they had in the pool, have had that faith shaken, and are now beginning to realize the advantages of cooperative marketing.” RUSH TO JOIN POOL WHEN PRICE DROPS. (1925, April 9). *The Wetawiskin Times*, p. 7.

The Wheat Pool is the only practical system that has yet been devised to eliminate the speculator, who takes toll both of consumer and producer. Under the old system the speculator was necessary, but not now. Every farmer in Alberta should join the Pool.

The only risk to the Wheat Pool is that the members will not take enough interest. This is the downfall of most co-operative concerns.

“The Pool takes advantage”²⁰⁵ (September, 1926)

The Central Selling Agency explains the details of a specific market operation.

On July 1st the Sales Department of the Canadian Pool knew of the existence of a short interest in July wheat. July is the one month in the year where there is the least actual wheat, owned by either the grain trade or the farmers, available for delivery and when attempts are most frequently made on the part of speculators to squeeze the market. It soon became evident that an attempt of this sort was to be made. The Pool had in store a fair quantity of No. 3 Northern wheat for which there was no immediate export sale, in competition with which on the world market there was a considerable quantity of No. 2 Hard Winter wheat from the United States, which was selling at from 18 to 22 cents under Canadian No. 1 Northern wheat. This attempt at a corner soon forced the price of July wheat up to a point where the Pool felt they should sell some of their wheat, especially as they were able to sell No. 3 Northern wheat at around 10 cents per bushel over the price at which No. 2 Hard Winter wheat was being sold. The “long” interests in July wheat acted apparently on the assumption that the Pool would not step into the market at this time and they were, therefore, naturally surprised when, instead of being able to force a cash settlement with the “short” interests at the close of the month, they were faced with the actual delivery of this wheat. With the expiration of the July option and the pricking of the bubble, the men who had attempted to squeeze the market found themselves with a large quantity of wheat on hand which they had bought at the inflated July prices and which they would now be compelled to dispose of in competition with the American wheat. In the meantime the Pool had obtained for its members a very good price for their wheat.

The Pool is charged [...] with having depressed the market by the delivery of this wheat, yet, as a matter of fact, No. 1 Northern wheat is at the time of writing trading slightly above the price at which it stood on July 1st. The statement is also made that the Pool had been throwing wheat on the market during the month of July in quantities which had checked advances. This statement is also disproved by the actual figures. On July 2nd the price was \$1.49¾, on July 31st it was \$1.59½ and the high point reached between these dates was \$1.62½.

The charge is also made that the Pool is speculating in futures contrary to its expressed principles. The fact is that the Pool takes advantage of every available

²⁰⁵ From Central Selling Agency of the Canadian Wheat Pools(1926, September 9). THE WHEAT POOL AND TRADING IN FUTURES. *The Lomond Press*, p. 1.

market to dispose of the farmers' wheat, and on this occasion it happened that the attempted corner gave the Pool an opportunity to sell a quantity of wheat which they had actually at their disposal at a price which was temporarily higher than other markets offered. The Pool was not selling paper wheat with the object of buying it in again at a lower price, which is the method of the speculators, but was disposing of farmers' grain which they had for sale.

These are the facts of the operation and show that the "long" interests in July wheat lost out in their efforts to rig the market for their own benefit, while the Pool had succeeded in marketing, at a very satisfactory price, a large quantity of wheat.

"13,230,000 of the 21,000,000 acres"²⁰⁶ (October, 1926)

The farmers of Western Canada in less than three years have established the largest co-operative organization of its kind in the world. The Canadian Wheat Pool, with its three units in the provinces of Manitoba, Saskatchewan and Alberta, now has a total membership of 125,000 farmers who control 13,230,000 of the 21,000,000 acres sown to wheat last year in the three prairie provinces. It is handling the sale of the greater part of the wheat production of Canada, and Canada already exports more than any other country in the world.

The first of the wheat pools commenced business in the province of Alberta in October, 1923, and at the close of the first pool year, July 15, 1925, had handled 34,500,000 bushels of wheat shipped by its members. The price realized by the pool was \$1.01 2-3 per bushel, basis "one Northern" in store at Fort William. A comparison of this price with the outside market values shows that the pool was instrumental in securing to its members at least two million dollars more than would have been the case had the pool not been in operation.

Meanwhile Manitoba and Saskatchewan were organizing pools. In the fall of 1924 they had perfected provincial organizations and the three provinces then merged their selling strength into one giant marketing organization known as "The Canadian Co-operative Wheat Producers Limited," with headquarters in Winnipeg. This agency is incorporated under a federal charter, with very wide powers. Its function is to take delivery of the wheat from each of the respective provincial pools and to place it on the markets of the world in such a manner as to secure a price commensurate with the natural law of supply and demand. Each of the three provincial pools is responsible for gathering the wheat of its own members and placing it at the disposal of the central selling agency. [...]

The largest proportion of the wheat is sold by the selling agency to importers and buyers in different countries of the world, for the agency has direct selling connections with every wheat importing country and its own representatives in 51 ports of the world. The funds which accrue from the sales are disbursed to the members of the three pools. This method of handling wheat provides a large volume through one agency and reduces the cost of operation to a minimum. [...] The pool,

²⁰⁶ From Canadian Wheat Pool Has 13,230,000 Acres. (1926, October 7). *The Wetawiskin Times*, p. 6.

controlling as it does, over 50 per cent of Canada's exportable surplus, has the opportunity of preventing large volumes of wheat being rushed on the market and creating a glut which inevitably forces prices down. The strength of the pool lies in its stabilizing power and in its facilities for selling in great quantities and in all countries. [...]

This vast cooperative organization of farmers grew out of the experience of fixed prices for wheat established by the Canadian government during the war, regulated by an official body known as the Wheat Board. Immediately after the war the farmers of western Canada urged the government to maintain the Wheat Board, but as it had been brought into being and had functioned under a war measure act, the machinery for its existence passed out of existence automatically with the signing of the peace treaty. The wheat producers of the Canadian west, learning that the Wheat Board could not continue, began to realize the necessity of an organization of their own to handle the marketing of their wheat in a way that would [prevent] a too wide fluctuation and secure a better stabilization of prices.

Through the pool the wheat is handled at cost, and therefore at a saving to the farmer. The central selling agency with its direct connections is able to eliminate some of the handling charges between producers and consumers that are incidental under any other method of marketing. Moreover, the pool relieves the farmer of the necessity of guessing the right time to sell his grain and assures him of the average price for the year on all the wheat it sells. This orderly marketing avoids the disastrous effects of the flooding of the market in the fall which prevailed under the old system.

Payment for wheat is made by the pool to its members at an initial price at the time of delivery, and a final price at the close of the crop year, which is August 1, or as soon after as possible. But if it is practicable and desirable the directors may make interim payments. Where the pool does not own its elevators arrangements have been made with the elevator companies to take pool grain. Recently the Saskatchewan pool bought the elevators of the Saskatchewan Elevator Company, another farmers' cooperative organization. It was a big business venture, involving the transfer of 415 country elevators, 27 annexes, headquarters office building, two terminal elevators at Port Arthur, one at Buffalo, N.Y., lease of the Canadian National elevator at Port Arthur and about 20 elevator agents' houses.

In Manitoba the pool is building 100 new elevators this year and in Alberta elevators are being bought and built by the pool.

The pool is able to acquire these properties, borrow money from the banks and extend its plans over the future because members join under long term contracts, averaging five years. The membership fee is only three dollars, one dollar of which is for a capital share and two dollars for organization purposes.

The wheat pool in western Canada is a notable example of the advancement made by the farmers of this day. Already it has shown the possibilities and advantages of cooperative marketing. The farmer of the Canadian west who is a member of the pool has realized that under the old system he sold his grain to middlemen who only bought it for the express purpose of making a profit in the

reselling of it. Under the old system, too, the farmer sold his wheat and took what the market offered. In the pool system he delivers his grain when convenient and obtains the average price of the selling period, together with the saving of the handling costs. The pool price to every member is the price at Fort William less handling charges and freight charges. The latter, of course, vary according to the length of the haul.

“The most vicious trust on earth”²⁰⁷ (July, 1927)

Bert Huffman, the “Bard of Inverlake”, a journalist, farmer and poet, worried about the impact of the wheat pools on consumers.

I am going to write a few words on the Wheat Pool straight from the heart, regardless of all mercenary aims, from the standpoint of humanity, and founded upon the one-word motto of the U.F.A.²⁰⁸, “Equity”.

It will take some courage to write and make public the thoughts which are now in my mind. These thoughts will be written at the risk of alienating perhaps hundreds of over-enthusiastic Wheat Pool friends. Will *The U.F.A.* newspaper be courageous enough to publish the poor man’s side?

In the first place agriculture, wheat farming, is not the only industry on earth. Not all of the people, by any means, are engaged in agriculture. Only a very small percentage of the earth’s population will be benefitted by raising the price of wheat. Only the farmer selling this wheat will benefit directly by a raise in the price of his commodity, while hundreds of millions of buyers of bread made from wheat will be directly injured by a raise in the price of the loaf on their tables, as a result of the higher price of wheat.

I am thinking now of the workingman and his family, throughout the white bread eating countries of the earth. The Wheat Pool is seeking to control the wheat market, not only of this country, but [...] of all the wheat producing countries of the earth – Canada, Australia, Argentine, United States.

In his address to the assembled Wheat Pool workers in Calgary, recently, Mr. Wood said: “The Pool has proven what it can do. It is the greatest price-making factor in the world today. It has not only raised the price of wheat, but it has raised it very materially.” Therefore, the object of the Wheat Pool is not orderly marketing, gradual delivery of wheat volume to the markets, but price-raising, increasing the cost of wheat and consequently the cost of bread to the consumer.

We have gone mad over money, profits, increased returns from our efforts and have lost sight of human interests, as a whole. We are following the footsteps of the Steel trust, the Farming Implement trust, the Beef trust, the Coal trust, the Shipping trust and every other combination on earth in restraint of trade and equal rights. We are fighting mercenary selfishness with a more colossal selfishness of our own making – building up the most vicious trust on earth, because our Wheat Trust threatens the

²⁰⁷ From Huffman, B. (1927, July 15). THE WHEAT POOL AND THE BREAD BUYER. The U.F.A., p. 2. Written by Bert Huffman (1890 – 1953), the “Bard of Inverlake”.

²⁰⁸ United Farmers of Alberta, founded 1909. The U.F.A. was in power in Alberta from 1921 to 1935.

loaf on the table of the poor. We are dealing in bread. We are manipulating the life sustaining commodity of the white man's portion of the earth. We are the wolf gnawing at the door of the poor man's home, the selfish master of the Bread basket of the earth.

When the Wheat Pool was organized it was to be a means of "orderly marketing," to prevent glutting the market and forcing down prices. We hear no more of "orderly marketing" now; we are as selfish as any other powerful organization seeking increased profits at the expense of the consumer of our commodity. We have lost sight of the U.F.A. motto of "Equity", that wonderful word which would smooth out the troubles of the economic world if given a fair opportunity.

But while we print this word on our stationery we do not write it into the heart of our Wheat Pool. The working-man, the poor children of the miserable slums, the crowded denizens of the cities, already underfed and undernourished, do not enter into our Wheat Pool propaganda. Our only thought is increased price, increased profit – and the consumer be damned!

In what do we differ from the Steel Trust, the Coal trust, the Sugar trust, the Agricultural Implement trust?

I fully believe that the bulk of Wheat Pool members have a sincere interest in human welfare at large. I do not believe that any large number of these members would wilfully increase the price of the loaf on a poor man's table, nor wilfully cut down the supply of bread to his hungry children, for a few paltry cents increase in the price of wheat. But our propaganda has run away with us. The lure of increased profits, the inducement of higher prices to new members is too great to be resisted. We have lost sight of the human element, the humanitarian principle of life, the meaning of our motto of equity.

Let us get back to our orderly marketing, our steady control of the wheat supply in our Wheat Pool campaign, instead of stressing increased prices for Wheat Pool wheat. Let us think of the eaters and buyers of bread, of the vast hordes of deserving, struggling people on the earth which will be penalized and punished or forced on to shorter bread rations, by any great raise in wheat prices. There is a task for the Wheat Pool, but it is not to monopolize the wheat supply of the earth in order to raise the price wheat to the starvation point for the poor. Let us write the Golden Rule into our Wheat Pool contracts and squeeze out the cold blooded capitalistic considerations. [...]

The Grain Trade's tirades can never kill the Wheat Pool. But disregard for human rights, selfishness, [and] inordinate greed can and will kill it, if not checked.

The nature of the pool contract²⁰⁹ (August, 1927)

Pool members were locked into exclusive five-year contracts. This article explains the reasoning behind this requirement.

The principal reason for using a contract is to make sure of a sufficient volume of business over a period of years to operate a co-operative association efficiently and economically. A co-operative association with signed contracts knows approximately the volume of business it will have and thus has a definite basis for its merchandising policy. This is particularly important in the case of the Wheat Pools which market their members' grain as the demand arises and thus avoid depressing prices by offering more than the consumers stand ready to take at fair prices.

CONTRACT ENSURES INTELLIGENT MARKETING

The importance of this feature has been well illustrated a number of times by the experience of some of the United States Wheat Pools. Some of these organizations sold a large proportion of their annual receipts in the fall of the year when prices were relatively low, as they fully anticipated much heavier deliveries than they received. This led to considerable dissatisfaction, which would have been overcome had they known the probable volume of business for the year. *The Canadian Pools are very fortunate in being able to estimate very closely the deliveries to the Pool for the year, which, of course, enables them to formulate their merchandizing policy well in advance of actual sales.*

Knowing the approximate amount of business for the year is a great advantage, in addition to its bearing on the method of selling the commodity, as it gives a co-operative association a definite basis which enables it to make favorable arrangements for financing. *Had the Canadian Pools not known in advance the approximate volume of business they would have been unable to make arrangements with the Banks to borrow money at a low rate of interest.*

CONTRACT BRINGS STABILITY

Members have a great deal more confidence in an organization which has contracts, as they know it will be much more permanent than an association depending entirely upon voluntary patronage from year to year. Members can deliver their products from year to year and feel quite safe in doing so, as they know the large volume of business, which the contract virtually guarantees, will ensure the economical handling of their products.

OVERCOMES OPPOSITION

One of the most valuable features of the contract, and one frequently overlooked, is the effectiveness with which it may overcome the opposition of private traders to co-operative associations. Anyone who knows anything about the history of co-operation in any country knows that the most common means employed by opposing interests to defeat the attempts of the co-operatives has been to induce the members to patronize private enterprises by offering prices above true competitive

²⁰⁹ From Various Reasons Which Make Use of Pooling Contract Desirable. (1927, August 15). *The U.F.A.*, p. 9.

values. The [...] power of the private grain trade to undermine the confidence of Wheat Pool members and thus break down their organization by offering inducements such as grades and prices above the true grades and true competitive prices, is greatly reduced by the use of the Pool contract.

The contract also protects the loyal members against the losses incurred by other members taking advantage of the Pool's services and then selling outside the Pool if speculation happens to send prices above their normal level. For instance, had it not been for the use of contracts, members who did not deliver their grain until late this year might have sold their grain in the open market when, due to a variety of reasons, the price was considerably higher than during the past several months.

SUMMARY

To summarize briefly, the Wheat Pool uses contracts to ensure sufficient volume of business over a period of years to operate effectively and at low cost; in order that it may know in advance the approximate volume of business and make favorable financing arrangements and formulate a definite basis for its merchandising or orderly marketing program; to protect loyal members against the danger of disloyal ones taking advantage of the Pool's services and then selling outside the Pool when speculation sends prices temporarily above their normal level. The Pool uses a contract to protect members against the unfair practices of the opposition, such as over-grading and overpaying at certain points at certain times. The Wheat Pool uses a contract as it provides a convenient method of stating the responsibilities, privileges, understandings, and duties of the contracting parties and not, as the opposition is continually arguing, to get control of a large portion of the crop with a view to attempting to extract monopoly prices. The contract is simply a business agreement between the individual member and his fellow members which allows them to mind their own business in their own way and benefit greatly by so doing.

Central Selling expands overseas²¹⁰ (December, 1928)

The past year was an exceedingly strenuous one for the Central Selling Agency of the Canadian Wheat Pools. The total wheat handled for the year was over two hundred and fifteen million bushels, with a great deal of damp and tough wheat, frozen wheat, rusted wheat and low protein content crop generally, as well as an increased world production, adding to the troubles of the Selling Agency. The very satisfactory results achieved, the Pool winding up its year without any carryover and paying Pool members \$1.42¼, basis No. 1 Northern at Fort William and Vancouver, was another triumph for the co-operative marketing method by which the bulk of Canadian wheat is now marketed.

The large increase in Pool handlings has demonstrated the value of the Pool's branch offices – savings of approximately three hundred and forty thousand dollars

²¹⁰ From Activities of Pool Central Selling Agency Are Rapidly Expanding. (1928, December 1). *The U.F.A.*, p. 18.

have been effected by having handling services performed by the Pool's own staff instead of outside agencies.

The London office opened last year, under the charge of D. L. Smith, is one of the highest value in keeping the Pool in close touch with its European agents and the market situation generally. The Pool's Paris office operated on a quasi-agency basis in direct touch with the majority of French mills, so that the bulk of Canadian wheat imported into France is sold by the Pool. [...]

The strength of the Canadian Wheat Pools at home is in their diversity. Each Provincial Wheat Pool is entirely self-governing, with its own methods of organization, its own elevator policy, its own system of management.

The strength of the Canadian Wheat Pools abroad is in their unity. All the hundreds of millions of bushels of wheat delivered to their Provincial Pools is sold by the Pools' Central Selling Agency as if it had all been produced by one farmer and stored in one bin.

“The Selling Policy of the Canadian Wheat Pool”²¹¹ (March, 1929)

As the grower makes delivery to his Provincial Pool, the Pool forwards his grain to the terminals, where it is turned over to the Central Selling Agency. Although this body has its seats on the Winnipeg and Vancouver Grain Exchanges, where it makes sales in the same manner as do other members, its policy has been to sell as much of its holdings as possible directly to Eastern millers and foreign millers.

CONNECTIONS IN 15 COUNTRIES

To this end twenty-seven agency connections have been established with wheat importing houses in fifteen countries in four continents. An overseas office for supervising its European business has been recently established at London, where the Pool has acquired membership in the London Corn Trade Association. During the last three years the proportion of direct sales has been about 75 per cent. Its policy is to make sales on the Winnipeg Exchange only when prices there are at least as high as it might realize by selling directly in final markets. Private exporters are interested in buying wheat at as wide spreads as possible below world prices. Larger operators, indeed, may resort at times to more or less concerted short selling with a view to temporarily depressing Winnipeg prices, on which farmers' returns are directly based. The Pool, on the other hand, does not have to buy on the Exchange, and by selling on it only the smaller part of its holdings, and then only when the market is favorable, it tends to keep prices there both more stable and closer to world values. In so doing it benefits, of course, non-pool farmers as well as its own members.

Controlling, as it does, more than half the wheat reaching Canadian primary markets, the Pool is in a position to realize appreciable savings in its unit marketing costs. For the last two years the overhead expenses of the Central have averaged only a fifth of a cent per bushel handled. The volume of its direct shipments, moreover,

²¹¹ From Patton, H. S. (1929, March 1). *The Selling Policy of the Canadian Wheat Pool: How the Farmer Benefits*. *The U.F.A.*, p. 12. Written by Harald Smith Patton (1889 – 1946).

permits it to charter shipping tonnage on somewhat more advantageous terms than smaller exporters can obtain. For the purpose of chartering space and supervising loading and insuring cargoes, the Pool maintains offices at the head of the Lakes, and at Vancouver, Montreal and New York. In the marketing of the 1926 crop it made shipments through sixty ports to twenty-four different countries.

GAINS THROUGH CONTROL OF WHEAT MOVEMENT

Since the Canadian Pool cannot exercise any control over the volume of wheat production, and since it must sell whatever supply is delivered by its members in competition with the surplus wheat crops of the world, it is not in a position to determine the ultimate price, as is shown by the marked decline in wheat quotations within the past few months. What it can do, however, is to adjust its day-to-day sales to demand conditions, based on the fullest attainable market information; and to secure for its members an average participation in the actual prices obtainable in the final markets. Possessing an assured supply, without having to purchase it outright or hedge its deliveries, it is in a position to hold off the market when prices are temporarily weak, and to sell freely when demand is stronger. [...]

IS CHANGING THE FARMER'S FINANCING

[Another] contrast between Pool marketing and the regular system lies in the method by which the farmer's returns are distributed. [...] A scheduled initial payment is made at the time of delivery and a participation certificate issued to the grower. As the Central gradually disposes of its holdings it is able to repay its bank borrowings and to accumulate balances for further payments to members.

With a view to meeting the farmer's needs for ready cash, the policy has been followed of making a second payment just before seeding time.

The third distribution is released in July, when the approach of harvest calls for further working funds. Toward the end of October, by which time the Central has disposed of most of its previous crop holdings, a final settlement is made, based on the returns actually realized from the sale of each grade. Each Provincial Pool receives from the Central its pro-rata share of the sales receipts and redistributes them to its members, after deducting the ascertained per bushel operating costs and amounts to be retained as elevator and commercial reserves.

The Pool method of payment is proving of special advantage to smaller producers, who have found it necessary to give crop liens in favor of creditors and who are compelled immediately after threshing to sell "on street" at prices which may show spreads of from 5 to 15 cents below the "track" prices which carload shippers may command. Forced selling at these seasonally depressed local prices, subject to creditors' claims, generally leaves such scanty returns in the hands of the grower that by spring he finds himself under the necessity of seeking new credit against the speculative security of his next crop.

As an illustration of how the new system of distribution, in spite of reducing the farmer's immediate cash receipts, may improve his financial position, the case may be cited of a Manitoba member who had threshed some very low grade wheat, and who telephoned the Pool office that he would have to break his contract, as the initial net Pool payment of 40 cents a bushel of such grade was all needed for

immediate expenses. At the same time he had a payment to make to a mortgage company which he could meet by selling his wheat to the local elevator which would give him 60 cents cash. Through the Pool office an arrangement was made with the mortgage company whereby the latter agreed to take over the farmer's participation receipt and credit future payments thereon against his account. The result was that the grower received through the Pool payments aggregating 85 cents a bushel, whereas if he had sold for cash in the Fall he would have realized only 60 cents.

Farmers' creditors are showing an increasing disposition to accept assignments of growers' certificates instead of pressing for threshing-time liquidation. It is being realized that such an arrangement involves no impairment of security, while at the same time it means that the debt-paying and purchasing power of the grower is generally increased. The seeding and harvest time distributions are also serving to reduce appreciably the volume of farmers' bank borrowing. Instead of borrowing against the coming crop, he is coming to finance on the deferred proceeds of the previous crop. The effect of this change on the farmers' morale is incalculable, and it has done much to commend the Pool system to Canadian business men in general.

POOL'S UNIQUE ELEVATOR SYSTEM

One of the most spectacular achievements of the Canadian Wheat Pools has been their building up of the world's largest unified elevator system within the space of less than three years. At the outset the Pools were entirely dependent on handling contracts with the co-operative and private line elevator companies. Experience early demonstrated, however, the desirability of acquiring their own country as well as terminal elevators. One of the impelling considerations was the advantage of having permanent representatives at local shipping points, in the form of Pool elevator operators who could deal directly with members, and look after both their personal interests and those of the Pool headquarters in a way that the agents of contracting, and at the same time, competing companies could not be expected to do. It was also felt that a system of Pool elevators would permit a better controlled flow of Pool grain to terminals, and increase growers' net returns by reducing handling costs.

Acting on these considerations, the Pools began in 1925 to build or buy elevators at points not served by either the Saskatchewan "Co-op." or the United Grain Growers. Extended negotiations were carried on at this time between the Pools and the farmers' companies for the acquisition of the elevator facilities of the latter, with a view to establishing one unified, farmer-owned grain handling and marketing system. An agreement was finally reached for the sale of the 451 country elevators and the four big terminals of the "Co-op." to the Saskatchewan Pool at an arbitrated price of \$11,059,310. A joint offer of the three Pools to purchase the elevator system of the U.G.G. was rejected, however, by the shareholders of the latter, primarily on the ground that it was desirable to preserve its facilities for the use of farmers who did not see fit to sign the Pool contracts, as well as for members.

Meanwhile the Pools have been extending their system until at the end of 1927 they had 937 country elevators in operation in the three Provinces, equivalent to nearly one-half of all those licensed in Western Canada. Some two hundred more are

now in process of being added. At the head of the Lakes, at Buffalo and on the Pacific coast the Pools now control eleven terminal elevators having a combined capacity of 42,500,000 bushels.

The financing of this immense program of elevator acquisition, involving an investment of nearly \$200,000,000, has been accomplished without any Government loans or bond issues. It has been financed entirely by the unique method of deducting a maximum of two cents a bushel on elevator reserve account from each member's final annual payment. The cumulative magnitude of these seemingly minute deductions has been a revelation in co-operative finance. While the system reduces the member's direct cash returns from his crop, it constitutes a form of contractual investment, since he is allowed 6 per cent interest on the amount of his elevator reserve deductions, payable out of elevator revenue.

Thus the growers' investment interest rises automatically and proportionately to the amount of Pool deliveries. Not only is all the interest paid on account of capital invested in Pool elevators thus distributed to farmers, but the net earnings of these elevators also accrue to members on a patronage dividend basis. For the year 1926-27 the surplus earnings of the Saskatchewan Pool country and terminal elevators amounted to \$1,375,000, equivalent to a rebate of 1¼ cents a bushel on all grain received. The Pool system thus insures that its members' grain will be handled, as well as sold, at cost, while at the same time making each grower a small-scale capitalist through collective ownership of elevator facilities.

A declining wheat situation²¹² (October, 1929)

The Wheat situation in Western Canada is being followed with great interest and with varied emotions by people all over the world. Wheat is the basic food of many millions of people and the chief source of income of millions more. The consumers are interested particularly in cheap bread and the producers in getting a fair return for their labor.

What arouses interest in Canada is the fact that our wheat prices have been above the world's parity and refuse to come down. This situation persists in the face of the fact that Canada is the leading wheat exporting country in the world and even though the western crop is short this year the Dominion will still have to export possibly two hundred million bushels of wheat.

The present wheat crop in Western Canada has been estimated at from 250,000,000 bushels to 270,000,000 bushels, or about half the crop threshed in the Prairie Provinces last year. In the face of this comparatively light crop terminal storage is being over-extended while the surplus wheat is backing up into the country. Railway companies are rationing cars and lake grain carriers are taking on winter storage.

²¹² From THE WHEAT SITUATION AS VIEWED BY THE WHEAT POOL. (1929, October 17). *The Carbon Chronicle*, p. 1.

This situation has been laid at the doors of the Canadian Wheat Pool and the Wheat Pool has accepted the responsibility.

In a statement recently published, E. B. Ramsay, late general manager of the Wheat Pool's central selling agency, points out that if the Canadian crop were sold "at present price levels, having due regard to the grade of the crop, this only promises a gross farm income of \$208,000,000, or an approximate reduction in the buying power of the West of \$170,000,000. The value of last year's crop," Mr. Ramsay calculates, "of which 166,000,000 bushels were inspected, was very close to \$470,000,000." Present price fluctuations showed cash wheat of Winnipeg on October 1 selling for 1.43½, consequently, if Canada's crop this year, on account of its quality and scarcity, is to bring the financial return anywhere near the \$470,000,000 of last year, the prices now prevailing will have to go considerably higher. Every further drop involves a further reduction of the purchasing power of the west.

If the price of Canadian wheat was reduced there would be no difficulty in making sales, and the blockade would be at an end, but are Canadian growers prepared to place their high quality wheat on the bargain counter? The Wheat Pool believes it poor business to do so!

The European buyers of wheat are showing concern over the Canadian situation but have been steadfastly refusing to come into the market at prevailing levels. News stories are being cabled from Britain telling of huge supplies of grain on hand, of abnormally large crops in France, and of low prices being paid British farmers for their wheat, all calculated to have a bearish effect on the Canadian market. It is significant to note, however, that Hon. J. Thomas estimates the wheat supply in Britain only sufficient to cover requirements for six weeks' time.

There has been criticism of the Canadian Wheat Pool's stand by various interests overseas and also in Canada. Steamship companies have been laying up some of their Great Lakes' carriers in winter quarters and some have expressed bitterness over the fact that our grain is not being exported. Railways have been hindered in their operations and possibly have not been pleased over the situation. But in spite of criticism the Wheat Pool is maintaining its position that Canadian farmers cannot afford to take lower prices for their wheat.

There are some who point to Western Canada wheat growers as a gang of profiteers, eager to raise the price of bread to the poor workingmen in Europe. Others point to the Pool as being instrumental in dis-organizing the shipping and transportation interests and in having workmen put on the unemployed list. These accusations are unfair. Farmers in Western Canada badly need a fair price for their wheat this fall or otherwise there will be hard times. In Western Canada in most districts the crop has been extraordinarily light and even at present prices there is little profit in wheat raising. In many sections of Western Canada there is dire want in farm homes because of frosted grain last year and drought this year. No one can find fault with these people for desiring to obtain a price for their grain which is not at all exorbitant. Furthermore it should be remembered that the same buyers in Europe who are so eager to obtain cheap wheat now, steadfastly refused to buy last

spring when good Canadian wheat could have been purchased at a price not much above \$1.00 a bushel.

The Western Canadian farmer raises wheat under great difficulties. The ravages of the climate, frost, hail and drouth, take a tremendous toll of his labor annually. He is the only farmer in the world who grows wheat such a long distance from tidewater and places his dependence to such an extent on the export trade. He has to buy everything he requires in a protected market and sell in the world market. He enters into competition with grain grown under peonage systems and on low-priced land. He is not a heartless profiteer; he seeks a fair reward for his labor. He works hard, uses his capital to produce a greater volume per acre and uses his experience and intelligence with which to create a great marketing agency – the Canadian Wheat Pool. He is deserving of credit rather than blame.

The world wheat situation has been made fairly plain. The forecast made by the United States department of agriculture indicates a serious depression in the amount of wheat produced in the world this year as compared to last year. Exclusive of Russia and China, the estimated world production is 3,400,000,000 bushels for the present season, or half a billion bushels below the record production of 1928. Part of this reduction is made up by an increase in the world's carryover of 135,000,000 bushels, but demand has been increasing at the rate of 60,000,000 to 70,000,000 bushels annually, so that there is a decrease of about 400,000,000 bushels in supply in relation to demand in the last crop year. Then it should not be overlooked that Western Canada is going into the winter after one of the driest autumns on record. This means that the seed bed next spring will lack very necessary moisture and that unusually heavy and frequent rains will be required during the growing season to produce a normal crop. The United States winter wheat crop has been above the average the last few years and the law of averages would indicate that this might not occur this coming winter. Taking everything into consideration it is manifest that there will be a shortage of wheat and that there is no reason for the Canadian wheat to decline to the levels fixed by the unbusinesslike marketing systems of other exporting countries. Since July enormous quantities of low-priced wheat have been exported to Europe by the Argentine. Liverpool buyers have not found it necessary to buy Canadian wheat at \$1.12.

One of the arguments put up against the Wheat Pool since its organization was that supply and demand govern prices. The Pool has admitted this statement to be true in a broad sense, but there are governing features of vital importance. If the Canadian wheat market had been left to the mercy of the law of supply and demand this fall most of our wheat would be sold before the end of the year at greatly reduced prices and most of the producers would wake up to the fact that their wheat was worth more only after it was out of their hands.

“Solely to avoid a panicky market”²¹³ (February, 1930)

Pledging the province to stand behind the Wheat Pools to whatever extent may be necessary, the provincial government through Premier Bracken²¹⁴ gave notice Tuesday it was prepared to guarantee Manitoba’s share of advances to the Pool to the extent of the 15 percent security over and above advances made by the lending banks.

The government’s undertaking, sent at request of the Manitoba Wheat Pool Board, was contained in a letter addressed to S. L. Cork²¹⁵, supervisor of the Royal Bank of Canada at Winnipeg and chairman of the committee of lending banks, which advanced money to Pools to enable them to make initial payments to growers. Similar letters were sent on behalf of the governments of Saskatchewan and Alberta, whose representatives the premier told the House had been consulted before the move was made.

The Wheat Pools have advanced their members \$1 per bushel, basis No. 1 Northern at Fort William. In financing these advances they have an agreement with Canadian banks that the value of their wheat shall always be 15 percent greater than the amount of their borrowings. This agreement, the House was informed, has always been observed and the excess in value always maintained.

The slump in wheat prices of the last three or four weeks brought demands from the banks that the 15 percent surplus security be maintained. If prices went much lower the Pool, the premier said, would be forced to sell on a falling market, which would force prices still lower.

The government, the premier said, was not disturbed by the market nor by financial conditions of the Pools. Its action was solely to avoid a panicky market and to prevent them from financial embarrassment.

Should it become necessary to give a formal guarantee, legislation to provide for it will be submitted to the House. Each province will be liable only for its proportionate share.

The premier gave his opinion that for the moment the financial responsibility was almost negligible, as before the government would be in any way involved all the Pool’s wheat would have to be sold on an average of below \$1 a bushel, basis No. 1 Northern at Fort William.

“There is not the least likelihood of this happening,” he said. [...]

The letter sent Mr. Cork of the Royal Bank read:

“Dear Sir, - The Government of Manitoba, at the request of the Manitoba Wheat Pool board, is prepared to guarantee Manitoba’s share of advances to the

²¹³ From PROVINCE GUARANTEES ADVANCES TO THE POOL. (1930, February 5). *The Winnipeg Evening Tribune*, p. 3.

²¹⁴ John Bracken (1883 – 1969) was Premier of Manitoba from 1922 to 1943.

²¹⁵ Probably the same Samuel L. Cork (1877 – 1971) who is buried at Winnipeg. “After a 42-year career in banking, S. L. Cork, [...] supervisor of The Royal Bank of Canada’s branches in Manitoba and Western Ontario,” retired on November 30, 1940, from the position he had held since 1921. SUPERVISOR RETIRES. (1940, October 10). *The Winnipeg Tribune*, p. 18. From 1941-42 he served as president of the Federated Budget board for Winnipeg’s Community Chest, and in the late 1930s he was elected multiple times to the presidency of the Winnipeg Jockey club.

Wheat Pool to the extent of the 15 percent security over and above the advances made by the leading banks, which surplus it has been agreed upon between the banks and the Pool, shall be maintained. Yours very truly," (Sgd.) JOHN BRACKEN. [...]

The situation [...] is briefly as follows:

Certain stock brokerage houses which had their funds seized by the government of Ontario were found to have had large holdings of grain on margin. As the price of wheat went down calls came for more margin, and with their funds tied up, these calls could not be met.

Through the efforts of the attorney-general sufficient of these fund were released by the attorney-general of Ontario to protect these margins for the time being, thus preventing the dumping of this grain on the market.

As the market went down during the last three or four weeks the lending banks demanded that the 15 percent surplus security provided by the Pools be maintained. This meant that if the prices went much lower the Pool would be forced to sell on a declining market, and thus press it down still further.

In addition to this, it was current rumor that there was a deliberate manipulation of the market in an effort to drive it down for the double purpose of embarrassing the financing of the pools and enabling speculators to buy at a low figure and profit by the ensuring rise.

The result of the accidental dumping of grain purchased by these brokerage houses, or of forced selling in large quantities by the Pools to meet the requirements of the banks or as a result of possible manipulation of the markets, or of all three of these conditions combined, would have been to force prices down to a place far below the actual value of the wheat. This would have caused heavy losses to all members of the Pools and to other producers of wheat, and incidentally serious depression in business.

The action of the government was taken to prevent if possible a panicky market, and to prevent the Wheat Pools from being financially embarrassed as a result thereof, as well as to avoid the undesirable effects on general business conditions of serious breaks in the market.

“Did not want wheat at any price”²¹⁶ (March, 1930)

Artificial conditions prevailed in Canada last fall, and [...] the Winnipeg Exchange quotations were above a world parity. But the inference that the Pool was in any way responsible for the artificial state of affairs is false, as during this period all the Pool was doing was offering wheat for export practically every day, at or below Winnipeg prices. [...] The artificial prices which prevailed were solely the result of the purchase of wheat futures upon the Winnipeg Exchange by speculators.

The private grain firms, who handle about 45 percent of the crop, could not, just as the Pool could not, sell appreciable quantities of wheat for export without

²¹⁶ From Cairns, A. (1930, March 8). POOL ANSWERS EVANS' TALK ON GRAIN MARKETS. *The Winnipeg Tribune*, p. 3. By Andrew Cairns (d. 1958).

completely demoralizing the world market, as during the first four months of our crop year the Argentine was putting wheat afloat unsold to Europe out of all proportion to the demand, and selling it upon arrival for over 27 cents per bushel less than the prevailing Liverpool quotations for No. 3 Northern Manitoba, or 25 cents below its normal parity.

The private dealers, like the Pool, recognized that, due to a combination of unusual circumstances, Continental Europe during this period did not want wheat at any price, and that to attempt to undersell the tens of millions of bushels of Argentine afloat wheat in the already flooded markets of the United Kingdom would have been economic suicide. There was, however, nothing to hinder the private dealers from transferring on margin through the Winnipeg Grain Exchange the risk of holding the wheat they possessed to the speculating public, who were buying in the hope of making profits. Whatever would have happened when the general public liquidated their general holdings thus acquired, is another story.

Had the Pool, in addition to entering into cut-throat competition with the Argentine for the privilege of supplying the very limited demand for actual wheat, [...] transferred the responsibility of holding wheat to marginal speculators, what sort of a spectacle would we have witnessed during the last few weeks? [...]

The governments of Germany and France increased their tariffs on foreign wheat and enacted milling restrictions in order to relieve agricultural depression resulting from the low prices prevailing for domestic crops. As a result of unusually fine harvest weather and tight money, European farmers all attempted to find a market for their wheat at once; as low prices naturally ensued, the governments took steps to bolster up domestic prices. [...]

The wheat acreage of Europe in 1929 was less than in the two previous years, and only slightly greater than the average for several years following the war, and [...] the moderate demand for foreign wheat to date this year is largely attributable to much greater than average yields during the past two years, due to exceptionally favorable climatic conditions, and the much more rapid utilization of European domestic wheat than usual.

“Undisguised Concern”²¹⁷ (November, 1930)

The start of the Great Depression saw the Wheat Pools burdened with large carry-overs of grain at the same time that global demand was falling.

The situation of the Canadian Wheat Pool is being viewed with undisguised concern by authorities here. [...] Estimates now place the loss of the Wheat Pool in connection with the 1929 crop in excess of \$15,000,000. A new factor has been brought into the situation within the last few days by the still further slump²¹⁸ in wheat prices.

²¹⁷ LOSS ON FIRST OF 1930 CROP. (1930, November 17). *The Winnipeg Tribune*, p. 16.

²¹⁸ Allegedly due, in part, to Russian “dumping” and short selling of wheat – i.e., selling of wheat it doesn’t physically have yet. “[T]he revelation that the Soviet government has [...]hurt wheat prices

Whereas hitherto difficulties have all been in connection with the 1929 crop, the pool now is on the borderline of suffering a loss on their first purchases of the 1930 crop, for which they made an initial payment of 60 cents per bushel. None of this 60-cent wheat, it is believed, has been sold yet. If sold at present quotations, the accumulated carrying charges would probably mean a slight loss in handling it.

With regard to the 1929 crop, carrying charges, coupled with the payment of one dollar per bushel made for it, have brought its cost to the Wheat Pool up to \$1.15 per bushel. Of the 110,000,000 bushel carryover of this wheat which the Pool had, some 75,000,000 bushels have been sold, leaving the estimated amount now on hand at around some 35,000,000 bushels.

On each bushel sold there is a loss to the Wheat Pool of upwards of 50 cents. As there has already been, admittedly, a loss on the grain already sold, it is believed that the ultimate deficit of the Wheat Pool may be over \$20,000,000.

The Wheat Pools stop direct exports²¹⁹ (December, 1930)

The Canadian Wheat Pools have withdrawn from the direct export field. London and European representatives of the Central Selling Agency will close their offices immediately and in future pool wheat will flow to the world's markets through the established channels of export trade. In other operations of gathering and marketing the pool farmers' grain, the Central Selling Agency will make use of the facilities of the Grain Exchange cash and futures markets. [...]

The pools, as grain-gathering organizations, will continue to operate as such, but the marketing of their grain in world importing countries will be done through private export channels. Exporters here stated today that it would result in the re-entry into the export trade of a hundred or more firms who were forced to suspend operations when the Central Selling Agency came into the field.

"Right to Suspend Pool Contracts is Given Members"²²⁰ (May, 1931)

Manitoba Wheat Pool members will be given the right to suspend their pool contracts and sell their grain on the open market after June 1. [...] The one stipulation made is that members choosing to sell on the open market must have their

here by selling "short" millions of bushels on the Chicago market should create little astonishment. [...] The Soviet government is in dire need of money to pay for imports of tractors, factory equipment and other things necessary for carrying out its grandiose "five-year plan." [...] The government needs money so frantically that it is exporting, regardless of the price realized, wheat which is urgently needed to supply the nation with food." Forbes, B.C. (1930, September 26). Soviet Wheat Deals To Have Backlash, Forbes Points Out. *The News-Palladium*, p. 15.

²¹⁹ From WHEAT POOL QUILTS DIRECT EXPORT FIELD. (130, December 9). *The Winnipeg Evening Tribune*, p. 1.

²²⁰ From Right to Suspend Pool Contracts is Given Members. (1931, May 7). *The Ottawa Journal*, p. 17.

grain handled by Manitoba Pool Elevators, Limited, a subsidiary company to the wheat pool.

“Nearing Their End”²²¹ (June, 1931)

History is being made these days in the field of co-operative marketing of wheat in Western Canada. During the present week, members of the Manitoba Wheat Pool voted on a proposal to re-establish the open market system of sale, a petition has been presented to the Saskatchewan Government to bring about the immediate dissolution of the Wheat Pool of that province, and officials of the Alberta Pool have been in conference for several days to determine the fate of this organization.

It is obvious that supporters of the pool movement have been traveling around a circle. They are getting back to the position they occupied in 1923 and 1924 and the great co-operative selling enterprise established in the prairie provinces faces [its] most critical days. Economical developments have contributed to the destruction, or at least the partial paralysis, of the pool movement. The operation of the three provincial pools have resulted in a total indebtedness of \$22,000,000, and this has served to spread gloom and discouragement among the huge pool membership. A major proportion of pool members has reached the definite opinion that the pools cannot carry on successfully under present conditions without adopting hedging tactics or some other form of insurance against falling markets. Absence of this protection has resulted in immense losses to pool members. The average grain grower, whether pool or non-pool, demands protection against the future and he wants the best prices obtainable.

World conditions governing the sale of wheat have been revolutionized in the past two years. The entry of Russia as an exporter on a huge scale has been an important factor in the change, but in addition the increase in production in Argentina, Australia and the Danubian countries has robbed Canadian wheat of its former prized pre-eminence in the world wheat market. Today Canada is only a factor, not the leading factor in the situation, and former ideas that the world cannot get along without Canadian wheat must be thrown into the discard. The importing countries of Europe and the Orient can get along with less superior grades, or even with non-wheat substitutes.

The success of the pools was predicated on the absolute dependence of the world on the superior wheat which this western country produces, but milling practices in Europe have advanced so far that only a minimum of high standard wheat is necessary to produce a popular flour. There has to be a complete reorientation of ideas, and it is not surprising that in this topsy-turvy era many thousands of western growers are recanting their belief in co-operation. They have reached a mental stage where they want to try something else, and that lies in the direction of marketing their own grain.

²²¹ From Pools Nearing Their End. (1931, June 4). *The Western Globe*, p. 6.

Selling to the Pool made optional²²² (July, 1931)

Modification of their contracts to permit members of the Alberta wheat pool to sell their 1931 and 1932 crops on the open market with the option of delivering to the Pool and accepting the prevailing initial payment is now in force. Every Pool member will be given the option –

1. Of delivering his wheat on Pool basis, taking initial payment and participating in future payments, or

2. Of disposing of his grain under any method provided under the Grain Act, obtaining full current market price for same. Any portion of a member's grain may be pooled or any portion sold outright for cash.

Pool members are at liberty to select either of the above mentioned options for the disposal of any portion of their 1930 crop which has not already been marketed, as well as for the new crop.

No more Central Selling²²³ (September, 1931)

In working out any plan for centralized selling as between the three provincial Wheat Pools on [the] 1931 crop, certain difficulties developed which made it inadvisable to attempt to place any such plan into operation at present, and it was therefore decided that each provincial Pool organization should operate separately in purchasing, handling and selling grain delivered to it. As a result of this decision, the Central Selling Agency, which has acted for the past seven years as the selling agency for the provincial Wheat Pools of Manitoba, Saskatchewan and Alberta, will not be used as such in marketing the 1931 crop.

The Alberta Wheat Pool has now completed its plans for carrying on under such reorganized basis. Grain sales will be handled by a newly formed commission and sales department. [...]

In this reorganization it has been necessary for the Alberta Wheat Pool to take over one of the seats on the Winnipeg Grain Exchange formerly under control of the Central Selling Agency, which membership is necessary in order to facilitate handling of any required hedging and marketing operations.

The new provincial set up will operate independently of the Central Selling Agency, which will continue to function [under John I. McFarland] until the 1930 crop has been disposed of.

²²² Wheat Pool Members Now Have an Option. (1931, July 23). *Stony Plain Sun*, p. 8.

²²³ From WHEAT POOL SELLING AGENCY. (1931, September 2). *The Strathmore Standard*, p. 4.

“The financial outcome of the guarantees”²²⁴ (November, 1930)

No doubt many of our people, both in urban and rural districts, are very much interested in the financial outcome of the guarantee given by the Provincial Government to the banks in the fall of 1928, to protect the advances made by the banks to the Wheat Pool organization. As the 1929 crop has now been sold it is possible to state with accuracy the extent of the Provincial liability and at the same time to indicate the arrangement that has been completed to take care of this liability.

To refresh the memory of readers it may be advisable first to recall briefly the circumstances surrounding the giving of this guarantee. It will be remembered that for several years the price of wheat ranged at prices very considerably in excess of \$1.00 per bushel, with the result that the Wheat Pools, with the full approval of the banks of Canada, settled on an initial payment of \$1.00 per bushel.

When the Pools approached the banks to make their final arrangements to handle the 1929 crop the price of wheat was still very much in excess of \$1.00 per bushel, in fact, \$1.40 per bushel, and no one, either the banks or the grain world, had any fear of any rapid decline in price. As part of their financial arrangements the Pools had to guarantee to maintain a fifteen per cent margin over and above the initial payment which, in fact, meant that their stocks of wheat at the daily closing price, together with their cash reserves, had to be fifteen per cent above the loans from the banks.

After the initial payment had been fixed and a substantial portion of the crop delivered to the Pool, grain prices commenced their downward march, with the result that the following January this margin of 15 per cent was seriously imperiled, and steps had to be taken by the Pools to furnish additional security. Upon being approached the Provincial Governments went into the whole matter very thoroughly and we were convinced that unless the Pool's position could be protected very serious danger existed of panicky conditions arising on the Winnipeg Grain Exchange, with rapid and disastrous declines in wheat values which, of course, would be reflected upon farmers both within and without the pool.

It cannot be too strongly emphasized that an organization handling fifty per cent of the entire western wheat crop could not get into financial difficulties without very serious consequences to the price of the commodities handled. I, personally, have a very vivid recollection of the days spent during the latter part of 1930 when a similar situation arose with respect to that year's crop, which finally resulted in the Dominion Government taking somewhat similar action to that taken in preceding years by the Provincial Governments. During one week it was rumored that the Pool might have to throw on the market some eight million bushels of wheat and there were two days of rapid decline – in one day the market breaking 5c and on another day breaking 8c. Undoubtedly a large number of farmers not in the Pool were sold out in those days through inability to protect their advances. When one considers the difference in level of prices between that period in 1930 and the earlier period when

²²⁴ From Brownlee, J. E. (1931, November 12). *The Wetawiskin Times*, p. 1. Written by John Edward Brownlee (1883 – 1961), Premier of Alberta from 1925 to 1934.

the Provincial guarantees were first given, it is not hard to appreciate how sudden and great the decline might have been had similar fear been caused over the market.

It was under these conditions that the Provincial Governments decided to guarantee the advances necessary to carry the Pool handling for the 1929 crop. This action did not stop the downward trend in prices, but I have every conviction that it did steady this downward trend and did save the situation in the grain trade, the seriousness of which no one can fully estimate.

The Provincial guarantees carried the Pools through the marketing season of [the] 1929 crop and until the fall of 1930, when it became necessary to arrange finances for the 1930 crop. It will be readily recalled that an initial payment of 60c was arranged that year as a result of the conference in the office of the Prime Minister at Ottawa, attended by the General Managers of the Canadian banks and representatives of the Pools and the Provinces. While this seemed at the time a perfectly safe initial payment, it soon transpired that the world depression had not been sufficiently understood and it was not long before this initial payment had to be dropped to 55c and then 50c, and the intervention of the Federal Government was then sought and obtained to carry the Pools through that crop year.

Without any more extensive review so far the Provincial guarantees are concerned, the situation is that with the sale of the 1929 crop the proportion of the loss to be assumed by the Alberta Pool in connection with the overpayment has been ascertained. [...] The maximum indebtedness is \$5,520,161.25. [...] A complete settlement has been arranged with the banks by which the Province will issue to the banks its twenty-year bonds carrying a rate of interest at slightly over 4½ per cent, these bonds to be accepted in full satisfaction of the bank's claims.

In order to protect the Province the Alberta Pool will issue to the Province bonds similar in amount but carrying an interest of 5 per cent payable over a period of twenty years, these bonds being secured by first mortgages on all of the Pool's assets including the full line of country elevators; the terminal elevator at Vancouver, [...] and all of the liquid assets of the Pool such as cash on hand.

A Chinook farmer's experience²²⁵ (December, 1931)

This district [Chinook, Alberta] was settled over twenty years ago by perhaps the finest class of settlers that has ever homesteaded in western Canada, the majority with a view of developing the country and making honest homes for themselves and their families. It was making slow, but sure, progress when the war unfortunately occurred; then the Dominion government advised the farmers to grow more wheat and help win the war. This, with the increased price of wheat and other farm products, encouraged more development of the farms. Credit was easy to get – banks liberal with their loans – mortgage companies advising settlers to put mortgages on their land they had patent to, and implement agents working overtime, with the result that every farmer was overburdened with debt; then a period of dry years, '17,

²²⁵ From A FARMER. (1931, December 24). Correspondence. *The Chinook Advance*, p. 8.

'18 and '19; some farms not producing enough grain for seed during those years, labor at its highest peak, repairs for machinery, living, clothes costing more, taxation increasing, interest being compounded, then peace was declared. Prices for farm products, more especially wheat, decreased more than 100 per cent. [sic.] in a short time, more dry years, settlers already overburdened with debt and mortgages, etc., began to leave this part of the province. [...] Some of us, who still had faith in the district and were financially able, carried on. Then the wheat pool was incepted, prices for farm products and wheat advanced; good crops in '27 and '28 enabled some of us to pay part of our indebtedness, and also to replace worn out machinery, and a number to build new houses, repair, and in a good many cases, paint old ones. Then, the present economic depression began to make itself felt; this with hail and drought, low prices for farm products, conditions (which [...] no farmer can control) responsible for the condition of the farmers in the Chinook district to-day. They have no desire to become a charge on any organization or municipal district, but what can they do? No bank credit, merchants cannot continue to carry them, fuel, clothes and medical attention have to be obtained from somewhere.

“Just plain every day greed”²²⁶ (June, 1932)

The reason the market for Canadian wheat dropped out of sight is not such a very strange one, if you just think about it a moment; at least, that's the way I figure it out. Sapiro is the man to thank in this instance. He was the stranger who went about in the United States and Canada urging the farmers to form a wheat pool and hold their wheat for two dollars a bushel. I might be wrong, but I think that is correct. The consequence was they were left holding their wheat. I don't think there can be any question but that the Wheat Pool is at the bottom of the present depression.

Farmers should have seen the weakness of Sapiro's scheme. Russia lost no time in grabbing the market. [...] The farmers were discontented when they were prosperous and flourishing. They had everything, but they were given to think that they had nothing. It was a sorry day for not only the farmers, but the whole country that they ever fostered, even for a moment, the nucleus for a Wheat Pool, for the seed they nursed into a Wheat Pool was nothing but just plain every day greed.

“Merely a matter of selling”²²⁷ (November, 1932)

When the government came to the rescue of the wheat pools two years ago this month they were known to be carrying large quantities of wheat. Mr. John I. McFarland²²⁸ was put in charge by arrangement between the pools, the banks and Mr. Bennett. He served without salary and has carried on his labor heroically from

²²⁶ From J.I. (1932, June 18). Criticism of the Pool – Blames It For Depression. *The Winnipeg Tribune*, p. 5.

²²⁷ From THE GOVERNMENT IN THE WHEAT MARKET. (1932, November 14). *The Winnipeg Tribune*, p. 11.

²²⁸ John Irwin McFarland (1873 – 1943), who would later help develop the Turner Valley oilfield.

that day to this. He possesses the confidence of the government, the farmers, the banks and the grain trade to a remarkable degree.

The job was thought, at the time, to be merely a matter of selling off the wheat pools' holdings gradually, as they could be unloaded without undue disturbance of the market. The wheat situation was not fully appreciated at the time. It proved impossible, without tremendous damage to the whole business structure of the Dominion, to withdraw from the market. It has been Mr. McFarland's job throughout this long period to hold the market steady, to prevent wild fluctuations in price, to absorb wheat when it was being offered too freely and to sell when opportunity for sales occurred.

There has been an almost complete absence of speculative influence from the market in the past two years. Ordinarily the speculator – against whom the producer so often fulminates as “gambling in the bread of the people” – provides a cushion to absorb shocks in the market. When the farmer dumps a hundred million bushels on the market in a single month in the fall, someone has to own it until it is actually sold and shipped abroad. In the ordinary marketing system the speculator provided most of the money thus required. For two years there has been no one to do it. Not by his own choice and not by the government's, Mr. McFarland had to step into that position.

“The drive for a wheat board”²²⁹ (December, 1932)

For more than a year now the leaders of the Wheat Pools and the governments of the three prairie provinces have been advocating the establishment of a national wheat marketing board, by which they mean a government agency on which the pools would be strongly represented to handle the entire wheat trade of the country.

It was first offered in rather languid fashion, the provincial premiers for example being fully aware there was not the slightest chance that their request would be granted, but for political reasons being willing to advance it just the same. Now there are evidences that the government will have to face a really determined drive for a wheat board. The price of wheat has slumped and slumped again, and the farmers – at least so their leaders and the politicians consider – are ready to grasp at any straws.

A wheat board functioned well in Canada in war time. That was at a time when buyers were coming to the board and saying: “I would like ten million bushels,” and the board would reply: “Sorry, can't let you have more than six.” Is that any guarantee that it would function under present conditions?

The Saskatchewan wheat pool declared in a public statement on Wednesday that the established trading machinery had broken down, and they, the producers of an important foodstuff, are the direct sufferers from that collapse. In what way has the machinery broken down? At least 140,000,000 bushels of wheat have been sold for export in the present crop year and have actually left the country – a tremendous volume of wheat. Does that indicate collapse of the machinery? On the contrary, it

²²⁹ From THE DRIVE FOR A WHEAT BOARD. (1932, Decemebr 23). *The Winnipeg Tribune*, p. 9.

indicates efficient operation of the machinery so far as the actual sale of the wheat is concerned.

The price has collapsed, it is true. It is now so low that there is no profit in it for anyone. Mr. John I. McFarland, as Mr. Bennett declared in parliament, has to all practical purposes been a government agent in efforts to support the market through the past two years. His best efforts have not availed. Why? Simply because more wheat was produced than could be sold. He did succeed in selling all of last year's crop, at falling but fairly satisfactory prices, but no part of the surplus piled up under the late lamented wheat pool plan. This year the farmers have given him a hundred million bushels more to sell than last year, in a year in which Europe also produced 160,000,000 bushels more than was anticipated. Is the price collapse a reason for surprise?

What could a government agency do more than Mr. McFarland has done? Presumably it would advance to the producers, as they delivered their wheat, a fixed price, with a further payment when the wheat was sold. It would accept all the wheat in the country. What price could it safely have offered this year, with 120,000,000 of a carry-over in Canada, 430,000,000 bushels in the new crop, 160,000,000 bushels excess production in European countries, the Farm Board's heavy holdings hanging over its head, and good crops coming along in the Argentine and Australia?

What would a marketing board do after it had acquired all the wheat in the country? What could it do, under present conditions, other than try to unload just as much of that wheat as could possibly be sold, at any reasonable price the buyers were prepared to offer it? If it held up the wheat, tried by that means to improve prices, it would simply be adding more weight to the burden of a surplus that is already a millstone around the neck of the farmers. It would have to sell every bushel it could sell, and the course of prices would be just what they have been this season.

The best stroke of business that could be done for the farmers this fall has been done, namely getting 140,000,000 bushels out of the country by the end of November. The present facilities have functioned as efficiently as any government board could in bringing about this result.

A bear in the wheat pit²³⁰ (October, 1934)

Last week was a momentous one in the wheat market. What is characterized as a "bear raid" developed in the early part of the week until a threat was made that a government investigation was in the offing.

John I. McFarland, in charge of Canadian government wheat operations, claimed "unwarranted selling of wheat in the pit" and suggested an investigation into these selling operations.

Almost immediately came rumors that the government was in difficulties and likely to dump its holdings on the market. Mr. McFarland came out with a prompt

²³⁰ From Exciting Times in Wheat Pit When "Bear" Raid Is Attempted. (1934, October 11). *The Bassano Mail*, p. 1.

denial and gave the assurance that no government wheat would be sold until it was actually wanted by the consumers. He mentioned, however, that in one day ten million bushels of wheat had been sold “short” on the exchange. On that occasion country deliveries were light so the selling could by no stretch of the imagination be attributed to hedging pressure.

Prices meantime broke six cents in two days but in the two succeeding days half of this was recovered with the aid of a much improved export demand for Canadian wheat, and Mr. McFarland was not called upon to give the market any help in its rally. [...]

The nature of the selling that proved so weighty on the market was the prize puzzle of the week. Of its volume there was little doubt. Millions and millions of bushels were poured into the pit and the government agency, in carrying out its plan of supporting the farmers’ market at harvest time, was called upon to absorb these heavy offerings or witness a price collapse.

Farmers were delivering slightly more than a million bushels of wheat daily, but the volume of sales ran to many times this figure. It was suggested in some quarters that the government purchases were greater on some of these days than at any time since stabilization was started.

A theory was advanced that the “shorts,” being disappointed that weather conditions had halted harvesting operations in Western Canada for two weeks and brought down deliveries to negligible quantities, made a raid on the market in an endeavour to accomplish what they had hoped farmers’ wheat would do. [...] It is also rumored that big international traders, acting through some 15 Winnipeg brokers, aimed to make McFarland unload at around 60c and then hold the wheat they had bought for \$1.00. McFarland’s action in making public his ideas, with the threat hanging over the heads of grain traders that the Winnipeg market might be closed, is supposed to have frustrated the plan.

“This country must sell wheat or go under”²³¹ (November, 1934)

Mr. McFarland, as an agent of the Dominion Government, holds an unstated volume of wheat futures. The average of the estimates of his holdings is something about 200,000,000 bushels. Control of the sale of this quantity of wheat makes Mr. McFarland much the most important wheat trader in the country, and in fact gives him a dominant position in the market. If Canada is to get rid of its surplus wheat in the next six or eight months, it is Mr. McFarland who will do most of the selling.

It ought to be superfluous to argue for an active effort to sell Canadian wheat in foreign markets, but as everyone knows, it is not. The tendency of Canadian wheat marketing policy in the last two seasons has been in the other direction. For a year the Dominion was involved in an international agreement to limit exports, and a great many people actually believed for a time that some benefit should come to Canada from promising not to sell more than so much wheat. That delusion was

²³¹ From MR McFALAND [sic.] ON WHEAT SALES. (1934, November 21). *The Gleichen Call*, p. 1.

dispelled when the agreement was found to be unworkable and to mean nothing, so far as Canada was concerned, but giving up business to Argentina. The Dominion is well rid of its commitments under the wheat agreement, but is still not selling wheat as rapidly as seems possible.

If Mr. McFarland can sell the wheat he holds at the present level, the country will rejoice in his success. But to date this season Canadian exports are disappointing, though Mr. McFarland and all other authorities say this season presents a golden chance for selling Canadian wheat. It seems to go without saying that it is better in any business to sell at a lower price than to keep price up and make no sales. Price in itself is not the index to the prosperity of the farming industry. The index is price multiplied by sales. There is no point in a policy which keeps a good price posted on the blackboard and keeps the wheat at home in storage elevators. Loss of wheat export business is a major calamity to Western Canada. Argentina has beef. Australia has wool, but Western Canada has wheat and not much else. This country must sell wheat or go under.

“The type of Canadian that appeals to all”²³² (November, 1934)

J. I. McFarland, who is much in the limelight these days, is the type of Canadian that appeals to all. Blessed with a reasonable amount of worldly goods, he could readily follow the course that many others do – take it easy and enjoy the good things that money can buy. Instead, he prefers to serve his fellow-countrymen in a most useful manner, which he does, you know, without remuneration of any kind. Apart from his well-known executive ability, Mr. McFarland is a modest, kindly gentleman, whose generosity has often brought comfort and hope to many people in this western land. More power to him!

²³² From Ten Minutes with the Scotch Philosopher. (1934, November 15). *The Bassano Mail*, p. 3.

The Wheat Board

“The Wheat Board bill”²³³ (June, 1935)

By Friday evening last, members of the House of Commons had cleared the order paper down to two contentious bills, one dealing with a proposal to inflict the alternative vote on Saskatchewan alone in the Federal elections this year, and the other the Wheat Board bill.

Of the two measures, the Wheat Board bill is by far the more contentious, because it provides for compulsory pooling of grain in the manner which prevailed during the post-war period when wheat was \$2 per bushel, and the big job was to get the wheat to the waiting customers and get the money for it, in those days when European countries were finding it difficult to finance their foreign purchases.

Compulsory pooling of what has long been sought by certain sections of organized farmers in the West. When the Wheat Board was dropped following the War, the MacKenzie King administration passed an act providing for the setting up of a Wheat Board, but this legislation was contingent upon two Provincial Legislatures passing enabling legislation. This Alberta and Saskatchewan did, at special sessions during the summer of 1922. But when an attempt was made to organize a Wheat Board, it was found impossible to secure the services of men who were considered competent to handle the organization which James Stewart had so successfully headed during the years immediately following the War. It was then that the farmers of the three Prairie Provinces turned to the idea of the voluntary pools.

Why did the Federal legislation providing for compulsory selling of wheat through a Government Wheat Board passed in 1922 require enabling legislation on the part of the Provincial Legislatures? That question is important just now. Here is the answer, as given to the King Government by the law officers of the Crown at that time:

“It is certain, declared the deputy minister of justice, that the essential compulsory powers of a wheat board (such as to compel the delivery of wheat) are prima facie included in the provincial enumeration of property and civil rights or local matters in the provinces. In my opinion these powers do not lie within the field which may be occupied by the Dominion power to regulate trade and commerce, as that power has been expounded in successive decisions by the ultimate tribunal of appeal . . . Consequently, it is my opinion that the reconstruction of the wheat board in the present circumstances with the powers conferred thereon by the orders-in-council is a project constitutionally incompetent to the parliament of Canada.”

The question now naturally arises: What is the difference in Federal-Provincial relations today which would lead Premier Bennett to believe that a Government monopoly in wheat sales can be imposed today, when it could not be imposed without Provincial legislation in 1922? That is the crux of the debates now taking place at Ottawa.

²³³ From THE WHEAT BOARD BILL. (1935, June 24). *The Lethbridge Herald*, p. 4.

The situation, of course, is aggravated today by reason of the fact that, in an attempt to bolster up the price of wheat to the farmers of the country, the Bennett Government has followed a course which had resulted in a tremendous surplus of some 200,000,000 bushels weighing down the markets. The big surplus, together with the promise of large current production and an overseas market which has been looking elsewhere than to Canada for wheat, has created an impossible situation, and many questions are being asked:

Has the Government the constitutional right to enforce compulsory pooling on the growers? Do the majority of the growers want it?

Is the Government going to guarantee in any way the price of the 1935 crop to the growers? Many growers are wiring Ottawa now, asking for a fixed price of \$1 per bushel on the ground that a bonus is the only way open that will allow wheat to be sold in competition with the rest of the world.

Is the surplus to be put on the market, or is it to be held off and liquidated in such a way as to not interfere with the 1935 crop?

Is the Wheat Board ill a forerunner of measures which will be taken to restrict farmers across Canada in the amount of wheat they may grow?

These are the questions which are to the fore in the Ottawa discussion. Behind it all, of course, the whole trading and monetary policy of the Bennett Government is the issue. Can a Wheat Board do what John I. McFarland, with all the power with which he has been clothed since he took control of the central selling agency, has been unable to do in face of the trading set-up which is stacked against him?

This is a momentous week in the history of the greatest industry in the Dominion of Canada.

“Considerably different from its original form”²³⁴ (July, 1935)

The grain board bill, finally adopted, is very considerably different from its original form. The vital change consists in the abandonment of the policy of compulsion, favored by the pools, with the complete extinction of the grain exchange and, instead of this mandatory method, a provision that the compulsory feature may be exercised or may not be.

It is not made operative in the Act, which is now going on the statute books, but the power is there, and, if the government chooses to apply it, it can do so by bringing into effect certain sections by proclamation. They are held in suspense for the time being.

REPRESENTS MIDDLE COURSE

The bill, as it is going through, represents the middle course between the extremes of compulsion, which was proposed originally, and the operation of the trade with a minimum price. Criticism of the pools or of their operating agent, John I. McFarland, is not implied in the bill, but various sections clearly suggest that the

²³⁴ From Bishop, C. (1935, July 5). MIDDLE COURSE ADOPTED AFTER LENGTHY DEBATE. *The Winnipeg Tribune*, p. 3. By Charles Lawrence Bishop (1876-1966).

new board should make efforts to sell wheat. The holding policy, although motivated by good intent, resulted in the accumulated surplus of 228 million bushels.

The board will be expected to make an effort to sell, not by any deliberate dumping or a "fire sale," but by pursuing the policy of selling when, at a reasonable price, this is possible. [...]

OBJECTIONS OF U.F. MEMBERS

The effect of what they had to say was a defence of the pools, a denial that their "holding off" policy was responsible for the huge carry-over, and a demand that the compulsory features be made mandatory rather than permissible. They regard the Winnipeg exchange with a large hostility, and think that the original idea of excluding it from the business should have been adhered to. Other factors were held to have entered into the situation, apart from any deliberate policy of keeping the wheat off the market in the hope of securing a price productive of a larger measure of profit to the producers. [...]

[GIVEN AN OPTION]

The whole measure was discussed in principle and also in detail. The farmer is given an option of selling his wheat to the board at a minimum price and receiving a certificate of participation in any profits which may later accrue when the season is over, or of selling outright to the elevators, or to anyone else in cash.

McFARLAND DEFENDED

Premier Bennett displayed great vigor in a defence of the stabilizing operations of Mr. McFarland, saying that he had had to buy wheat to keep up the price²³⁵. He had had to accumulate wheat so that the farmer could sell his. In 1933 they had sold 285,000,000 bushels for \$86,000,000. So far this year they had sold 177,000,000 bushels for \$107,000,000.

Stress was laid on the fact that the compulsory feature can be invoked at any time, whatever government might be in power.

The prime minister complained of a false report that the bill was the negation of the McFarland policy, and to this newspaper report he attributed wheat selling four cents off on the Liverpool market. There was nothing further from the mind of the government than any policy of repudiation, and as long as it existed, there would be no "fire sale."

²³⁵ "The situation is that the federal government, indirectly through the central selling agency, is carrying wheat received from two sources. In the first place there is the balance left from the pool's attempt a couple of years ago to control prices. The grain trade estimate of the volume of this wheat is around 75,000,000 bushels. It was acquired at a price said to be about 55 cents per bushel, and subsequent storage charges will have brought its cost to date up above 70 cents per bushel. Then there is the wheat acquired in the course government's recent 'hedging' operations. Mr. Bennett stated yesterday that out of 225,000,000 bushels of this year's crop actually delivered to the elevators, 175,000,000 bushels had been finally sold, either to foreign or domestic milling interests. Presumably, therefore, the government has only been obliged to hedge the balance, some 50,000,000 bushels. Accordingly, the government has come into possession of approximately 125,000,000 bushels of wheat which it is holding. [...] It is admitted however that, if Mr. McFarland had sold the wheat he holds, the price would have declined immediately in the process of getting rid of it." PREMIER BENNETT EXPLAINS WHEAT OPERATIONS. (1932, November 15). *The Winnipeg Tribune*, p. 3.

Prices and participation certificates²³⁶ (September, 1935)

Acting upon the recommendation of the Canadian Wheat Board, the governor-in-council, Friday, fixed the minimum price of No. 1 Northern wheat at Fort William at 87½ cents a bushel. [...] Establishment of the minimum fixed price is in accordance with the statute adopted at the last session of parliament creating the Wheat Board and its advisory committee, and giving it power to buy wheat from producers at the fixed minimum price, so that the producer need not dispose of his wheat at a lower figure.

Producers who sell direct to the wheat board will receive participation certificates entitling them to share in any profits that may arise from the operation of the board. If there is any loss, it will be borne by the government.

In this connection the prime minister stated that the Canadian Wheat Board hopes to have its organization ready to function in the matter of accepting and paying for delivery in about 10 days. In the meantime, farmers delivering wheat to the board would take storage certificates from elevator companies, which would later be exchanged for cash tickets on the basis of the fixed minimum price, and participation certificates.

PRICES FOR LOWER GRADES

Prices to be paid for wheat of a lower grade than No. 1 Northern will be fixed by the board, and will be on the basis of the usual spread between those grades.

On May 31 it was estimated that the Canadian Wheat Board would take over from the Canadian Co-operative Wheat Producers, Limited, about 200,000,000 bushels of wheat, which had been held on government account in the course of its market protective operations.

Heavy sales in recent weeks have reduced the carryover, and large movements in the last day or two left the price in the vicinity of 86 cents.

Taking delivery²³⁷ (September, 1935)

The Canadian Wheat Board will commence officially Wednesday to take delivery of wheat from producers in Western Canada. [...] Participation certificates and other necessary documents have now been printed and distributed to elevator companies and other grain handling agencies in the west.

Prices announced by the board on Sept. 17 and Sept. 23 are the prices that will be paid for the various grades delivered to the board, basis carlots, in store at Fort William or Vancouver.

MUST DECLARE IN 10 DAYS

Wheat now in store and owned by producers, or wheat moving in carlots to terminal markets at Fort William or Vancouver, can also be delivered to the board at

²³⁶ From BOARD STARTS PAYMENTS IN ABOUT TEN DAYS. (1935, September 7). *The Winnipeg Tribune*, p. 1.

²³⁷ From WHEAT BODY TO TAKE DELIVERY ON WEDNESDAY. (1935, September 24). *The Winnipeg Tribune*, p. 3.

these minimum prices, but in the case of carlot shipments, the grower must declare within 10 days of the wheat being unloaded, whether the grain is for delivery to the Board.

Every producer who delivers his wheat to the Board is entitled to receive a "producer's certificate." This certificate will enable the grower to participate in any surplus that may arise from the operations of the Board.

These participation certificates are in the hands of all licensed handlers of farmers' wheat, and should be obtained by the grower at the time of making delivery of the wheat to the Board.

These participation certificates are in the hands of all licensed handlers of farmers' wheat, and should be obtained by the grower at the time of making delivery of the wheat to the Board.

The Board's price list for all grades is also in possession of all licensed grain handlers, and the producer has access to this list.

ASSUMES STORAGE CHARGES

At the time of turning over his wheat to the Board, whether at a country elevator, a terminal elevator, flour mill, or through other licensed dealers, the producer should get a "cash ticket" for the full amount of the Board's price for the grade or grades delivered, and in addition should be furnished with a producer's certificate stating the quantity and grade of the wheat so delivered to the Board. This certificate should be retained in the grower's possession as proof that he is entitled to share in any surplus which may arise from the Board's operations. These certificates are not transferable.

The Board is prepared to relieve growers of certain storage charges in cases where a producer has stored wheat intended for delivery to the Board and such wheat is now being assessed storage.

On any such wheat, the board will pay storage charges which have accrued since Sept. 1 and up to the date when cash tickets are issued, but not later than Sept. 30.

FIXED PRICE IS BASIS

Country elevator agents will, therefore, pay to the producer on the basis of the board's fixed price, deducting only storage charges to Sept. 1, if any, and billing the board with the accrued storage charges from Sept. 1 to date of issuing cash tickets, but not later than Sept. 30.

With regard to wheat held by producers in terminal elevators, which they deliver to the board, storage charges accrued from Sept. 1 to Sept. 25 will be paid by the board.

The elevator company, in settling for such carlot wheat delivered to the board, will not charge the producer terminal storage for the period Sept. 1 to Sept. 25, the date on which the board is prepared to take over such wheat.

“The very lowest possible amount”²³⁸ (May, 1939)

Dissatisfaction with the Dominion government’s latest price decision was expressed today by leaders of prairie farm organizations, who have persisted that the lowest minimum price acceptable to the farmer was 80 cents a bushel.

In the House of Commons Thursday night the government announced its initial price of 60 cents a bushel had been altered to 70 cents for the first 5,000 bushels produced by each farmer, on the basis of No. 1 Northern at Fort William²³⁹. At the same time the wheat acreage bonus allowances were cut.

“We consider that 80 cents was the very lowest possible amount which could be considered,” said A. F. Sproule, vice-president of the Saskatchewan Wheat Pool. “In order to pay all taxes as well as all debts and to meet the other charges which go to make up the cost of producing wheat, the Fort William price would require to be about 25 cents higher on the average.

“As it is, the debt problem is left in much the same position as before. Debts will still remain largely unpaid, and they will stay that way until the price of wheat to the farmer rises substantially, or else the cost of the manufactured goods that he buys comes down just as substantially.”

Lew Hutchinson, chairman of the board of the Alberta Wheat Pool, said the government’s 70-cent figure was “totally inadequate.”

“When the wheat board took over in 1935, we fought for 95 cents and it was compromised down to 87½ cents under protest,” he added. “In 1938 it was further compromised down to 80 cents under more protest, and now we are asked to take another 10-cent cut.

“People should understand that 70 cents a bushel for No. 1 Northern at the terminal means 47 cents a bushel on the average grade of wheat at the farm,” he added. “Eastern Canada should understand that most farmers in the west hardly will make expenses at that price, even with a fair crop.” [...]

John I. McFarland, Calgary, former head of the Canadian Wheat Board, asked: “Who is to see there is no ‘bootlegging’ above the 5,000-bushel allotment, and how will it be regulated? How many farmers last year would have averaged above 5,000 deliveries to the Wheat Board, and how much wheat would have been left?” he asked. “If the surplus over the stipulated amount were thrown onto the open market in competition with wheat taken under the guaranteed price, would it not mean a greater loss than a fixed price or system similar to that of the past few years?”

²³⁸ From Farm Leaders Protest Wheat Price Decision. (1939, May 5). *The Winnipeg Tribune*, p. 21.

²³⁹ “[A] minimum initial price of 70 cents per bushel for No. 1 Northern wheat, in store Fort William or Vancouver, has been set effective as at Aug. 1, 1939, for wheat of the 1939 crop. The freight to be deducted is the rate to Fort William or Vancouver, whichever is the lower. The limit of deliveries to the board, from each farm or group of farms operated as a unit is 5,000 bushels.” Wheat Board Issues Rules On Deliveries. (1939, July 28). *The Winnipeg Tribune*, p. 16.

“Wheat pools will be disappointed”²⁴⁰ (July, 1939)

The selling agency of the western wheat pools will handle the 1939 wheat if the government adheres to its decision not to let the Wheat Board act as a selling agency for farmers' wheat. Naturally, the western wheat pools will be disappointed at the decision of the cabinet to refuse to allow the Wheat Board to act as the selling agency for farmers' wheat in excess of the 5,000 bushels which they may deliver to the board at the guaranteed initial payment of 70 cents.

Before submitting our request to the Wheat Board to act in this capacity, the western pool organizations had canvassed the whole market situation very thoroughly. Briefly, the position at the present time is that the Wheat Board owns or controls the whole carryover of Canadian wheat today, probably in excess of 100,000,000 bushels.

It will receive delivery of all of the 1939 production, excepting only that part of the individual farmers' production in excess of 5,000 bushels. What the aggregate of this excess will amount to in bushels it is difficult to estimate, but it is obvious that it will represent only a very small percentage of the total amount of wheat to be handled by the Wheat Board during the coming year.

PROTECT MARKET

We are of the opinion that the Wheat Board was thoroughly equipped and staffed to handle this additional small quantity of grain at little or no extra cost. In view of its large prospective holdings and the importance of maintaining the greatest possible degree of stability in the market, we feel that it would not be in the national interest to have other organizations – controlling only a very small part of the crop to be marketed – in a position to unload wheat on a weak market, with the inevitable tendency to lower prices.

Under the Wheat Board Act, as amended, we appreciate the fact that the Wheat Board can only handle 5,000 bushels of grain for any one grower. We were satisfied, however, that there were no practical legal obstacles in the way of the Wheat Board at the same time acting as selling agents for grain delivered to the western wheat pools, provided the government was willing to allow the Board to act in this capacity.

²⁴⁰ From Robertson, G. W. (1939, July 28). Pools Prepared to Handle Crop. *The Winnipeg Tribune*, p. 16. Written by George Wilson Robertson (1889 – 1963), secretary of the Saskatchewan Co-Operative Wheat Producers (the Saskatchewan Wheat Pool). The original article mis-printed his name as G. R. Robertson, but Henderson's Regina city directory for 1939 correctly lists him as G. W. Robertson.

“Sixty Cent Wheat”²⁴¹ (August, 1939)

The exact situation with regard to wheat deliveries of over 5,000 bushels is by no means made clear in the official explanation of the Wheat Co-Operative Marketing Act, 1939, the particular legislation supposed to govern the handling of such deliveries. This act is officially described as an attempt to establish a system on a sound financial basis for those farmers who wish to market their wheat co-operatively.

It is further pointed out that provision is made “for any group of producers or elevator operators setting up a central selling agency at any time to handle wheat on a co-operative basis. The government will guarantee an advance of 60 cents a bushel basis No. 1 Northern, Fort William.” A final note states that this method “could be used to deal with the wheat produced by growers who have over 5,000 bushels.”

Under present conditions, it is obvious that no farmer would wish to market his first 5,000 bushels other than through the Wheat Board, which ensures him an initial payment of 70 cents per bushel for No. 1 Northern, basis Fort William. Deliveries over 5,000 bushels cannot be marketed that way, nor under the Wheat Co-Operative Marketing Act, can they be marketed with an initial payment of 60 cents comparable with the 70-cent initial payment.

These two payments are horses of a different color. They are not merely ten cents apart. Allowance must be made, in the case of the lower initial payment, for the element of risk in disposal of the wheat by any selling agency set up. The government protects the selling agency to the extent of 60 cents per bushel, but that 60 cents includes handling and carrying charges, plus administration costs up to the time the wheat is actually sold by such agency.

Such time of sale is problematical. The wheat could be dumped on the market, regardless of price, which would be a queer form of co-operation. It could be held, speculatively, in the hope of a price rise, another negation of co-operative principles. If the price did not happen to rise, the selling agency could be involved in a loss which it would have to meet without help from the government.

If there is any considerable volume of wheat to be disposed of over and above the deliveries made to the Wheat Board by way of the first 5,000 bushels from each producer, another nice point arises. Who gets the right-of-way in the selling field, the Wheat Board with 70-cent wheat, or the selling agencies with what is incorrectly termed 60-cent wheat? Or is it to be a free-for-all, with the Wheat Board offering old crop 80-cent wheat, new crop 70-cent wheat, and the co-operative selling agencies trying to get rid of their own wheat holdings so as to keep their total costs within the 60-cent limit guaranteed by the government?

But will there be any considerable volume of “60-cent” wheat? Already there are indications that a very lenient view will be taken with regard to special rulings and exemptions. It seems probable that in the case of large farm holdings, a lot of

²⁴¹ From Hansell, H. J. (1939, August 11). Sixty Cent Wheat. *The Winnipeg Tribune*, p. 13. Written by Herbert John Hansell (1892 – 1967).

people other than the actual owner may find their status considerably improved, to the extent that they will be able to make 5,000 bushel deliveries. Apparently a whole colony is to be considered as a number of individual producers. With such an understanding, there will be a very material cut in deliveries of over 5,000 bushels. The few unfortunates left may well feel a sense of discrimination.

The fact is that, despite the official explanation of a “system on a sound financial basis,” this Wheat Co-Operative Marketing Act was given quite a blow when it was announced that the Wheat Board would not handle deliveries of over 5,000 bushels. Someone else has got to hold the bag, and the proposition is not likely to appeal to present or potential co-operative organizations.

The official explanation says that the assistance given by the government “will permit co-operative associations to finance the early season operations of the producer without fear of financial loss through the payment of an advance.” But the one and only way of removing such fear is to make the advance sufficiently low and to sell the wheat, regardless of price, before carrying and other charges bring total costs, including the advance, up to 60 cents per bushel. Among other things, this indicates difficulties in the matter of export offerings abroad, as between the various selling agencies operating.

When this legislation was first introduced, it was suggested that co-operative organizations might not wish to assume the risks involved, and that the act might not become operative. Now that it is operative, and in view of the difficulties mentioned, it might be a sound idea to forget about 60-cent wheat. A lot of it seems likely to become 70-cent wheat, and the balance of the loosely termed “60-cent” wheat might be dumped on the market at the worst possible time.

“Farm Permit Plan Dropped”²⁴² (August, 1939)

The farm permit system which the Canadian Wheat Board planned to employ in carrying out the Dominion Government’s individual farm guarantee of 70 cents a bushel for the first 5,000 bushels of No. 1 Northern wheat, basis Fort William, will not be put into effect this year. [...]

The decision was due to the fact that Canada’s wheat crop had been greatly reduced within the past six weeks, increasing substantially the number of growers with less than 5,000 bushels. The rapid harvest had also shortened the time for distribution of permits, giving little time to explain to those concerned.

“Good-Bye to 60-Cent Wheat?”²⁴³ (August, 1939)

The decision of the wheat committee of the Cabinet at Ottawa to cancel the farm permit system covering deliveries of wheat to the Canadian Wheat Board drives the last but one nail in the coffin of the Wheat Co-Operative Marketing Act, 1939.

²⁴² From Farm Permit Plan Dropped This Year. (1939, August 16). *The Ottawa Journal*, p. 19.

²⁴³ From Good-Bye to “60-Cent Wheat”? (1939, August 16). *The Winnipeg Tribune*, p. 13.

Under this legislation, deliveries of over 5,000 bushels of wheat could have been made by farmers to co-operative selling agencies, the latter making an initial payment of something less than 60 cents, basis 1 Northern at Fort William. With the cancellation of the farm permit system, it now appears that so-called 60-cent wheat will be a rare article.

If the market price had risen, the means provided by this act might have come into demand. Actually, it was a concession to optimism with the contingencies not very clearly visualized.

On Friday last, H. J. HANSELL, *The Tribune's* market editor, called attention to the many uncertainties existing with regard to "60-cent wheat" and pointed out that already there were indications that a very lenient view was being taken with regard to special rulings and exemptions covering individual deliveries of the first 5,000 bushels of wheat to the Board. It was further suggested that it might be a sound idea to forget about other deliveries of 60-cent wheat altogether.

But the farm permit system made the latter course a little difficult. Each farmer was required to secure a permit from an elevator company or other agent of the Board in order to sell up to 5,000 bushels of wheat grown on his farm to the Board. This permit had to be produced as each delivery of what was made, and the delivery recorded therein. The permit had to be completed before a J.P., commissioner or notary, and therefore a cumulative record kept of all deliveries, which could not aggregate more than 5,000 bushels.

What this entailed in the way of delay, confusion and expensive records was no small item. There were many loopholes, of course, through which wheat could be delivered on the 70-cent basis. Indeed, there was good reason for assuming that deliveries of other than 70-cent wheat would be made by only a few unfortunate and that in the aggregate such deliveries would be quite small.

Now it appears that with no direct check on individual deliveries, an elephant and a giant combine could pass through the openings for 70-cent wheat without fear of side-swiping each other. The official announcement asserts that the fact that the permit system will not be used does not in any manner change the law in respect to the delivery of 5,000 bushels. But if the law has not been changed, it certainly has been bent.

The official argument is used that the wheat crop has been greatly reduced during the past six weeks; the number of growers with less than 5,000 bushels to deliver has largely increased, and the number of growers with more than 5,000 bushels to deliver has substantially decreased. The rather naïve explanation is added that the rapid harvest has shortened the time for distribution of permits and that "any system of this kind takes time to explain to those concerned."

As a matter of fact, the whole intent of the Co-Operative Marketing Act required considerable explanation, and it was never made plain what it was supposed to do in the first place. It was officially described as an attempt to establish a system on a sound financial basis for those farmers who wished to market their wheat co-operatively. But the "sound financial basis" did not look so good in the light of market conditions and the 70-cent payment for initial 5,000 bushel deliveries. Instead, it

appeared that any co-operative selling agency set up was due to assume considerable risk of actual loss.

Except that the announcement is tardy, no criticism can be made of the cancellation of the proposed farm permit system. But having gone so far, the government might as well clear the air altogether by announcing that it will forget all about the loosely termed “60-cent wheat.” It would be helpful to the farmers, helpful to the trade, and would dispel the feeling abroad that a lot of very cheap wheat may be dumped on the market.

“Crisis in the West”²⁴⁴ (July, 1940)

The capacity of Canada’s elevator system is approximately 423 million bushels, of which 341,198,000 bushels are located in Western Canada, including the terminals at the Head of the Lakes and on the Pacific. The storage capacity of eastern elevators, including those on the Great Lakes, St. Lawrence, and at Atlantic ports, is about 82 million bushels. On July 5th, wheat in a visible position in Canada totalled 258,962,000 bushels, and coarse grains 18,394,000, or a total of over 277 million bushels.

Before many weeks pass, the 1940 harvest will be under way. Private estimators have fixed the probable wheat crop of the West at around 400 million bushels. With so large a percentage of the elevator space taken up with the carryover from the 1939 crop, farmers will be able to deliver only a small percentage of new crop grain.

This is something that has never been encountered in Western Canada before. It is an unexpected development, as last autumn the feeling was that all the wheat would be required for warring Europe. But the war took an unexpected turn, and virtually the whole continent of Europe is now under blockade.

There have been obvious errors made in the Canadian wheat policy, but it now profits little to rehash the past. Western Canada is facing a crisis and the problem should be dealt with decisively and expeditiously.

It is apparent that a plan will have to be developed to finance grain stored in farm granaries. That seems to be the only possible way to enable farmers to finance their affairs this fall. If this step is not taken, business will be at a standstill and debts and taxes unpaid, and the normal wants of farm families cannot be filled.

The idea of financing grain stored on farms was advanced to the Government by the directors of the Alberta Wheat Pool as part of a fivefold program. The other proposals include: the fixing of an initial price based on the cost of the things farmers are required to buy; payment of monthly storage for wheat kept on farms; the establishment of a delivery quota system; and the provision for insuring the grain in the farm granaries.

²⁴⁴ From Nesbitt, L.D. (1940, July 19). Crisis in the West. *The Western Farm Leader*, p. 3. Written by Leonard D. Nesbitt (1888 – 1969), Superintendent of Publicity for the Alberta Wheat Pool.

“Five bushels an authorized acre”²⁴⁵ (August, 1941)

The Canadian wheat board announced that effective Aug. 1 the first delivery quota for the 1941-42 crop year will be five bushels an authorized acre. The board explained that by “authorized acre” it meant the wheat acreage specified by farmers when they reported total sown acreage to government officials under the acreage reduction plan.

Jammed storage conditions due to successive bumper western Canada wheat yields and loss of export markets because of the war led the Dominion government to ask farmers to reduce acreage planted to wheat in the spring. Farmers were offered bonuses of \$4 an acre for former wheat land left to summer fallow, and \$2 an acre for planting land to coarse grains.

At the same time, the government announced it would take delivery during the 1941-1942 year, through this board, of only 320,000,000 bushels of wheat. Farmers again were guaranteed an initial price of 70 cents a bushel, basis No. 1 Northern at Fort William or Vancouver, for their wheat.

The board also announced that for the present no delivery quotas will be fixed on oats, barley, rye and flaxseed. It added that producers need not record deliveries of these grains in permit books.

Delivery quotas were placed on both wheat and coarse grains last year. The quotas started at five bushels to the seeded acre and were gradually increased as storage space became available, until they were removed altogether – first from coarse grains, then from wheat.

The threat of the Exchange²⁴⁶ (September, 1943)

One of the big stories of the week was the report from Ottawa that the Dominion cabinet was debating whether or not to close the Winnipeg Grain Exchange. The Exchange came into the picture because in recent weeks wheat quotations have been steadily going up, due principally to export demand, not only from Allied but neutral countries as well. Eighteen million bushels of Canadian wheat were exported last week, and more than five million this week to several countries, including Switzerland and Eire.

In theory, at least, the price of everything in Canada has a connection to the price of wheat, and the rise in wheat on the Exchange is seen as a threat to the price ceilings which the Wartime Prices Board has been trying desperately to maintain in order to avoid inflation.

²⁴⁵ From FIRST DELIVERY QUOTA FOR WHEAT ON THE NEW CROP. (1941, AUGUST 14). *Chronicle* (Carbon, Alberta), p. 5.

²⁴⁶ From Hello Soldier! (1943, September 25). *The Winnipeg Tribune*, p. 13.

Wheat trading discontinued²⁴⁷ (September, 1943)

Earlier rumors notwithstanding, the action of the Dominion government in ordering the discontinuance of wheat trading on the Winnipeg Grain Exchange caught members of the exchange completely by surprise this morning, leaving them in a turmoil of uncertainty.

“Mr. MacKinnon’s announcement has taken our breath away,” said W. J. Dowler, vice-president of the exchange. [...]

The wheat pit was jammed before the market opened as members gathered in groups to discuss the sudden turn of events. The hubbub subsided at the opening bell, and Mr. Dowler mounted the rostrum to read the government order to the silent throng.

“Pursuant to this order,” Mr. Dowler said, “the council hereby declares that until further notice trading on the exchange in cash wheat and wheat futures is hereby limited to purchases or sales at the closing clearing prices as at Sept. 27. It is further ordered that options contracted subsequent to the close of the futures market on Sept. 27 are hereby cancelled, the consideration paid therefor to be refunded.

“The Canadian Wheat Board has advised your council that they intend to use the facilities of the trade whenever possible. There is no change in the existing facilities and regulations for trading in other grains. Further details respecting clarification of this order will be posted as received.”

Immediate reaction of the traders, after Mr. Dowler had read his statement, was to move in a body to the rye market – the only grain free of price ceiling – and sharp price advances followed. [...]

How many will be out of a job as a result of the government order could not be estimated. Most affected, it appeared, would be the pit brokers, many of whom have been on the floor 20 to 30 years. It is expected that many of them will be absorbed into other branches of the trade. There are about 90 pit brokers who have made their living by making transactions in the noisy, convulsive trading in the wheat pit.

Some of them represent elevator and other grain firms, and will not be drastically affected. Cash dealings for coarse grains may keep a few of them busy, but trading in coarse grains petered out months ago when ceiling prices were reached. Trade in rye, which had all the attention today, offers little prospect for trading actively, as the rye crop is small.

“New price lists will be issued”²⁴⁸ (September, 1943)

New price lists will be issued as soon as possible governing the purchase of wheat from producers on the basis of the new fixed initial price of \$1.25 per bushel

²⁴⁷ From Grain Exchange Traders “Dazed” By Ottawa Order. (1943, September 28). *The Winnipeg Tribune*, p. 1.

²⁴⁸ From Canadian Wheat Board. (1943, September 28). Board Taking Necessary Steps. *The Winnipeg Tribune*, p. 10.

basis No. 1 Northern Wheat in store Fort William or Vancouver. The new Board wheat prices at country points will be higher than those in effect on Sept. 27.

“Sudden and unexpected”²⁴⁹ (October, 1943)

Well, soldier, wheat futures trading, which has been a feature of the Winnipeg Grain Exchange for more than half a century, was stopped by the order of the Dominion government on Tuesday. From now on, the Canadian Wheat Board has been given the power to buy all the unsold wheat stocks held in Canada at the closing prices which prevailed on the local exchange Monday.

At the same time, the government announced that farmers were to get a higher initial advance payment on deliveries of wheat in this crop year and the next (1944-45). The initial payment for No. 1 Northern, in store at the lakehead, is increased to \$1.25. Formerly it was 90 cents. And if the wheat delivered to the Canadian Wheat Board since 1940 realizes high prices, the farmers are now promised that they will get additional payments.

The decision to stop wheat trading hit the Grain Exchange like a ton of bricks – it was that sudden and unexpected. Of course, the week before *The Tribune* had printed a dispatch from its Ottawa man saying the step was coming in view of the recent rapid rise in wheat quotations on the Exchange. But most of the traders chose to disregard the warning.

Heads of various farm organizations across the three prairie provinces expressed approval, though with some it was modified approval – they thought the initial wheat payment should be more than \$1.25. One labor official here thought that the government was trying to “sweeten” the farmers in preparation for a general election.

Meanwhile, the Grain Exchange is not closed. The elevator companies are as busy as ever, trying to find storage space for the new deliveries. But the pit brokers – the fellows dealing in wheat futures, now banned – are concentrating on the only free commodity left, which is rye. (Oats has a price ceiling of 51½ cents and barley 64¾ cents). Rye is now figured as a more valuable commodity now that the official price of wheat has gone up by 35 cents. It is possible that many of these 90 pit brokers will be absorbed in other branches of the trade, not excluding the Wheat Board itself.

“A new wheat policy”²⁵⁰ (October, 1943)

The text of an order-in-council ratifying a new wheat policy under which trading in this grain was suspended on the Winnipeg Grain Exchange was issued today. It is effective until Aug. 1, 1945.

²⁴⁹ From *Hello Soldier!* (1943, October 2). *The Winnipeg Tribune*, p. 15.

²⁵⁰ From *The Canadian Press*. (1943, October 21). *Wheat Policy Order Made Retroactive*. *The Winnipeg Tribune*, p. 18.

Passed Oct. 12, the order is retroactive to Sept. 28, when wheat trading was suspended by order of Trade Minister MacKinnon²⁵¹. It provides that no action, suit or proceeding may be brought against the Canadian Wheat Board in respect of anything done Sept. 28 [or] in respect of anything done since Sept. 28 and authorized by the regulation.

The text cited [four] reasons for the order:

1. Wartime developments made it necessary to have greater government control over wheat marketing so supplies would be available “at appropriate prices, as required for domestic use and for shipment abroad to countries in receipt of mutual aid.”

2. Under existing arrangements with Canadian flour millers (who are charged no more than 77 3/8 cents a bushel for wheat for domestic use) and with countries in receipt of mutual aid, the government has been in effect the ultimate buyer of large quantities of wheat and, at the same time, has been acting as the farmers’ selling agent through the Wheat Board. It was “desirable” to avoid these opposing responsibilities.

3. Transportation difficulties and “other unusual circumstances” had interfered with the normal operation of grain market machinery.

4. It was “desirable” to afford greater certainty to farmers as to prices during the remainder of the crop year 1943-44 and during the full crop year 1944-45, and to “reduce the abnormal margins at country points that have prevailed upon the open market.”

Under the new policy, the Wheat Board purchases producers’ wheat at \$1.25 a bushel, basis No. 1 Northern Fort William, as against 90 cents a bushel previously paid by the board.

The order provides that any contract or agreement for the sale or purchase of wheat entered into after Sept. 28 otherwise than with Wheat Board approval is declared void. For the time being, export sales of wheat by private dealers are discounted, as such sales had been made on the basis of futures market prices.

Wide powers now are given the board in its control on wheat marketing. It may prohibit sale, purchase, shipment, handling or storage of wheat by any person, either absolutely or except under the authority of a board license.

It may require that contracts or agreements on wheat may be terminated or varied, or that exports of wheat and wheat products be prohibited except on such terms as it may prescribe.

The Board may require that a person offer western wheat owned by him for sale to another person on such terms and conditions as the Board may prescribe.

VESTED IN CROWN

It has authority to direct the allocation of Canadian lake vessel tonnage or railway cars for the shipment of wheat.

All wheat purchased by the board and held in its 1940-41, 1941-42 and 1942-43 crop accounts has been vested in the Crown. This wheat will be made available at prices fixed by the governor-in-council “to fill domestic requirements and the

²⁵¹ James Angus MacKinnon (1881 – 1958).

requirements of the United Kingdom of Great Britain for wheat and wheat flour, and to provide wheat and wheat flour transferred under the War Appropriations (United Nations mutual aid) Act and paid for out of the mutual aid appropriations and to meet any other obligations which the Dominion of Canada may undertake . . .”

Persons failing to observe the regulations are liable to a fine of \$5,000 or imprisonment not exceeding two years, or both.

“Continued in operation”²⁵² (July, 1946)

Trade Minister MacKinnon today told the Commons the initial payment for wheat has been [...] raised 10 cents a bushel to \$1.35, retroactive to Aug. 1, 1945, and will remain at this level until July 31, 1950. [...] The Canadian Wheat Board will be continued in operation as the sole marketing agency for Canadian wheat. [...]

TO HAVE FIVE-YEAR POOL

Mr. MacKinnon said that after the 10-cent payment on the 1945 crop has been made to bring the initial price up to the new \$1.35 rate, the remaining surplus from that crop will be placed in a five-year pool with the succeeding four crops of 1946, 1947, 1948 and 1949.

Participation certificates will be issued in the usual way, but payment on these certificates will not be made until after the conclusion of the five-year pool at July 31, 1950.

“In other words,” the Minister explained, “the deliveries of all five years will be bulked in one pool, with the same initial price of \$1.35 ruling throughout the period, and the surplus resulting from the marketing of these crops will constitute the participation payments.”

Mr. MacKinnon said the Wheat Board would accept “all the wheat that producers wish to deliver in 1946-47”.

He referred to the recently signed contract with the United Kingdom, under which Britain will buy 600,000,000 bushels in a four-year period, and then said of the export price:

“With regard to export prices, the supplies for the United Kingdom will obviously be sold within the terms of the contract. In sales to non-contract countries, a serious effort will be made to sell at prices roughly corresponding to those of the other principal supplier – now, the United States.” [...]

Under the new contract, Britain has agreed to pay a price of \$1.55 for the first two years, with floor prices of \$1.25 and \$1 for the third and fourth years, respectively.

²⁵² From The Canadian Press. (1946, July 30). Gov’t Raises Wheat Price to \$1.35 Bu. *The Ottawa Journal*, p. 1.

“Powers to 1950”²⁵³ (March, 1947)

The Government’s bill to continue the Canadian Wheat Board as the sole buying and selling agency of Canada’s wheat crops until 1950 was given third and final reading in the Commons Thursday night and won the resounding support of opposition members to carry the bill 172-7. [...]

Agriculture Minister James Gardiner declared that Britain had not tried to “beat the Canadian farmer down” in his price. Britain had agreed that there should be no ceiling on what she might ask for in the last two years of the agreement. [...]

The Wheat Board legislation was “absolutely necessary” to carry out the United Kingdom wheat agreement, Mr. MacKinnon said.

The “Exchange carries on”²⁵⁴ (August, 1949)

The operation of the futures market on the Winnipeg Grain Exchange is continuing almost normally despite the taking over by the Canadian Wheat Board of the marketing of coarse grains.

Trading in futures involves the buying or selling of grain for delivery at some future date, and before the Second World War, the Grain Exchange dealt in wheat as well as in coarse grain futures.

But, early in the war, the Wheat Board was designated the sole marketing agency for Canada’s wheat production. The board took over the marketing of course grains Aug. 2, after the passage earlier by the three prairie provincial legislatures of legislation complementary to the Wheat Board Act.

The only change in the futures market has arisen in “hedging” sales – sales or purchases of grain on future contract to protect an equivalent cash purchase or sale.

Hitherto, such sales have been made largely by individual elevator companies.

Some still are made by other interests, such as processors. But it is assumed that the Wheat Board, as the largest seller, also is doing some hedging, though any such transactions necessarily are confidential between the board and the agents acting for it in the futures market.

The board is making initial payments to producers of 61½ cents a bushel for oats, and 90 cents a bushel for barley on their 1949-1950 crops. Additional payments depend upon the selling price obtained by the board in its transactions.

Buyers of oats and barley which are in store at the lakehead make purchases from the board at prices posted daily by it. Buyers of oats and barley futures sold by the board pay the going price on the Winnipeg futures market.

²⁵³ From Canadian Wheat Board Gets Powers to 1950. (1947, March 14). *The Winnipeg Tribune*, p. 8.

²⁵⁴ From The Canadian Press. (1949, August 27). ‘Exchange Carries On In Futures Trading. *The Winnipeg Tribune*, p. 11.

“It became a state monopoly”²⁵⁵ (April, 1950)

In the House of Commons last week, Mr. Howe introduced legislation extending the Wheat Board Act for three years, or until July 31, 1953. Of this legislation the *Winnipeg Free Press* [...] remarks:

“As constituted in 1935 and operated in September 1943, the Wheat Board was a producers’ board. It was the agent of such farmers as desired to sell their wheat through it. After September 1943, first under war emergency powers and, since 1947, under the Wheat Board act amendments now being renewed for a further three years, the Wheat Board became the agent of the Crown. It ceased to be a producers’ board; to be in any way accountable to the farmers for the wheat it sells; to be subject to legal action, except by permission of the Crown. It became a state monopoly, possessing through its system of permits and other regulations absolute power over farmers.”

Thus, the “free enterprise” some people still talk about!

Mr. Howe said we must do what he proposed about the Wheat Board because of our commitments under the International Wheat Agreement. But the *Free Press* reminds him that “the United States, which is also a party to the IWA, has found no conflict between its obligations under the Agreement and open markets for wheat.”

“Whither wheat marketing?”²⁵⁶ (April, 1950)

When some 70 years or more ago the first wheat was exported from the Manitoba plains, the emphasis was on transportation. It wasn’t until the Canadian Pacific Railway linked up the Prairie West in the middle eighties that the problem of wheat transport was solved.

Since then, wheat has occupied the mind of the West more fully than any other problem. For the past 30 years the emphasis has been on the marketing phase, and we have seen many different experiments tried. And still we today find ourselves in the middle of experimentation, two-thirds of a century after the first export of hard red spring wheat from the Western Plains.

Today the problem which is being discussed, not only by farmers but by grain co-operatives, by governments, by the grain trade, and by consumers in other countries, is how best Canada may sell her wheat. Canada grows between 20,000,000 and 25,000,000 acres of wheat a year, the average yield is 17 bushels an acre, and we have for export each year between 250,000,000 and 300,000,000 bushels. That is the factual phase of the proposition.

In the early days, while wheat producers were agitating for railway branch lines to carry their wheat to market, and for fairer weighing, grading and dockage, the Grain Growers of the West, as an organized body, brought strong pressure to bear. Up to the beginning of the First Great War in 1914 our grain was sold on the open

²⁵⁵ From Under ‘Free Enterprise’. (1950, April 28). *The Ottawa Journal*, p. 6.

²⁵⁶ From Whither Wheat Marketing. (1950, April 26). *The Lethbridge Herald*, p. 6.

market, buyers and sellers meeting on the Winnipeg Grain Exchange. Without a doubt, the Exchange method of selling our wheat in the early days of Western production helped greatly to advertise the premium quality of our bread grain, and though the results were not always satisfactory to the growers as to price, the fact is that Western Canada became firmly fixed on the minds of flour manufacturers, bakers and consumers of bread in Western Europe as producer of the best wheat in the world from a bread-making standpoint.

Then came the First Great War, when, in order to feed the Allies, the Ottawa Government took over the marketing of all wheat, fixing high floor prices, setting up a Wheat Board to carry on the actual marketing. Wheat sold at \$2.25 a bushel during the war, and as high as \$2.85 in the inflation period immediately after.

Following the war came a disastrous slump, the Wheat Board was folded up, and the price of wheat became so perturbingly low that in 1923 the Western wheat pools came into existence. The three provincial pools took over, then they organized an export sales agency of their own. The pool selling organization maintained a seat on the Winnipeg Exchange. During most of the twenties everything went swimmingly, and the pools were able to make initial payments of a dollar a bushel and amazingly good participation payments following.

The debacle of wheat came along with the general debacle which started the depression in 1929. Without going into history, the wheat pools in 1931 found themselves in a position where they faced bankruptcy, and they were only saved by the governments of the three Prairie Provinces coming to the rescue. Eventually, this led in the thirties to the organization of another wheat board, which had a varied career. Then came World War Two, and again the Ottawa government stepped in as the wheat marketing agency, whose aim was to see that the Allies were fed during the emergency. After the war, the Wheat Board continued to operate under these emergency powers because the period of transition made it difficult for private concerns to carry on the bulk trading which European governments demanded.

The present Wheat Board's powers would have ended this year, but at the present session of Parliament they have been extended to cover the crops of 1950-53 inclusive, while world wheat trading nations, some five exporters of which Canada, [the] U.S. and Australia are the principals, and some 45 importing nations have banded together under the International Wheat Agreement to try to keep prices up enough to maintain production and low enough so that consumers in the importing countries can buy. This year, for the first time, Canadian exports to the extent of some 203,000,000 bushels will be sold under the agreement at prices within the confines of \$1.40 minimum and \$1.80 maximum, U.S. funds. [...]

The question is asked whether wheat should be sold by private concerns, by farmer co-operatives or by the State. [...] The main thing to remember is that Canada is a surplus producer of wheat, that we have to find outlets for this surplus, and that we have to keep our wheat growers in the Prairie West in operation if the whole economy of the prairies is not to break down, as it threatened to do during the thirties. [...] Few subjects are of more importance to the Prairie West than the price and the market for our wheat crop.