

for the conduct of a warehouse or warehouses in accordance with this Act and such rules and regulations as may be made hereunder." This means that the warehouseman applies for a license, and, providing everything is all right, he will get a license; but if not—if things are unsatisfactory—the Minister of Agriculture has the right to say, "You have such a wretched warehouse that I cannot give you a license." That might be difficult for the Minister of Agriculture, but it is necessary.

The Chairman : Would it be possible to make the farmer's own granary a warehouse under this provision? Immediately you shift your grain 3d. or 4d. a bushel is gone in costs.

Mr. Polson : It could be provided for, but it is not provided for under the American system.

The Chairman : I discussed that point with Colonel Esson—that is, as to whether it would be possible—

Mr. Polson : As a matter of fact, the Americans have not a very high opinion of the American farmer.

Mr. Elliott : You would not suggest licensing the farmer's granary?

Mr. Forbes : There is the element of rats coming into that.

Colonel Esson : I raised this question of warehouse legislation with the Law Draftsman, and he suggested that it be done by regulation. It was considered that the system would be so beneficial to those dealing with producers under the scheme that others would be forced in, and eventually all warehouses would be registered under this scheme.

Mr. Polson : I do not think that would happen until all the farmers got their finance out of this thing. The scheme has to grow slowly.

The Chairman : When the grain is put into the store it costs a lot in various charges.

Right Hon. Mr. Coates : There have been cases where railway-sheds have been used for storing grain, &c. The farmers co-operate in such cases. After all, the essence of this thing is co-operation. Several railway-sheds were used last year for storing wheat. It is not general, however.

Colonel Esson : I have here a pamphlet issued by the United States Department of Agriculture in 1925, entitled "The Banker and the United States Warehouse Act," by H. S. Yohe, U.S. Department of Agriculture. The pamphlet contains much interesting and useful information. It reads as follows:—

THE BANKER AND THE UNITED STATES WAREHOUSE ACT.

The other day a man who is the head of a bank in the Middle West, and who has very intimate and influential business connections with bankers, railway executives, and leaders in the agricultural field, read to me a copy of a speech dealing with the agricultural situation which he had recently delivered and which he was besieged to repeat at a number of other meetings. When he had read the speech, the banker asked me for my opinion of it. I told him that in the main I agreed with it, but that I could not subscribe to the section on the warehousing of agricultural products.

"But," the banker protested, "our country banks are loaded with paper representing farm products stored in country warehouses and on farms. The metropolitan and rediscounting banks will not accept this paper for rediscount purposes. What I want is a form of warehouse receipt which will be accepted by these rediscounting banks. If the Government will build and operate warehouses for the storage of agricultural products, this can be accomplished."

The method he suggested to accomplish his end showed that he had not heard of the United States Warehouse Act. An inquiry proved this to be true. The banker was at once interested, and asked for full information and details, since the intent of his plan was to get a warehouse receipt which will have back of it qualities that will make it acceptable to bankers everywhere because of disinterested supervision by the Government. After listening to my story, he said, "Well, that is just the thing I want."

Here was a banker with responsible connections, who genuinely and sincerely wished to help the agricultural situation, proposing a measure which meant doing the very thing for which the Government has been criticized severely again and again in the past few years—namely, undertaking by the Government of a business proposition which, according to the traditions of our country, is a field for private enterprise. And, curiously enough, all the time there is a statute in effect which provides for the very thing he desired, without putting the Government into business. This banker is not the only one who has not heard of the United States Warehouse Act, for no banker can be expected to keep abreast of all legislation. The experience of this banker, however, suggests the desirability of presenting to bankers a message on this subject.

A Federal Statute too little understood.

What is the United States Warehouse Act? It is a law which was passed by Congress and became effective on the 11th August, 1916. It was passed primarily to help the producer. But by its very nature, due to the interlocking of business relationships, in helping the farmer it helps the banker.

This law provides for the licensing of such warehousemen as the Secretary of Agriculture may in his discretion consider proper warehousemen within the intent of the law for the storage of agricultural products. It also authorizes the Secretary to license properly qualified persons to sample, inspect, grade, and weigh products stored in such warehouses. Originally, the law applied only to the storage of cotton, grain, wool, and tobacco. The first five years after the passage of the Act there was very little activity under the statute, but, commencing in the fall of 1921 warehousemen began to avail themselves more and more of the law. The year 1922 witnessed a remarkable increase in the number of licenses under this statute. The progress made in the past three and one-half years