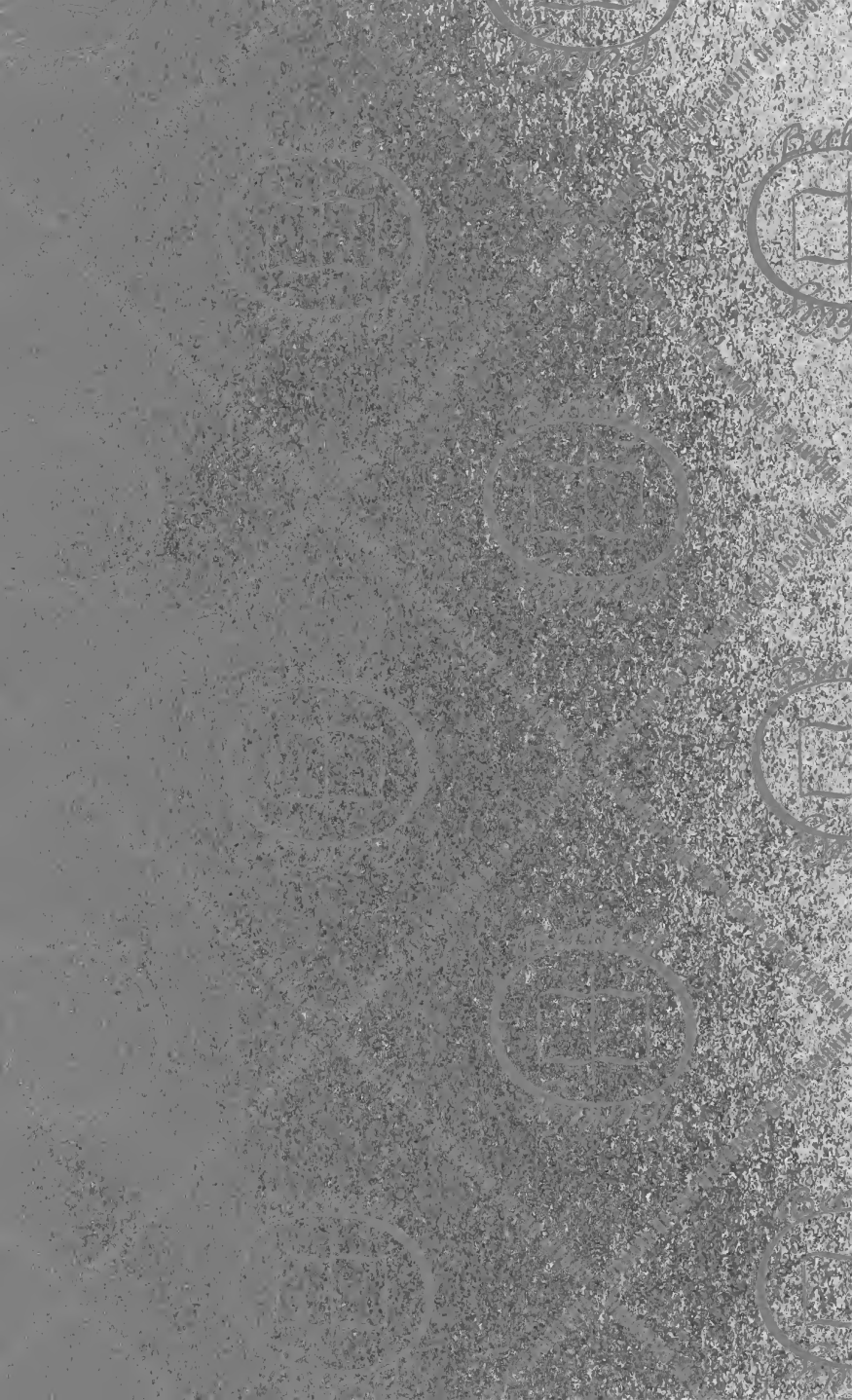


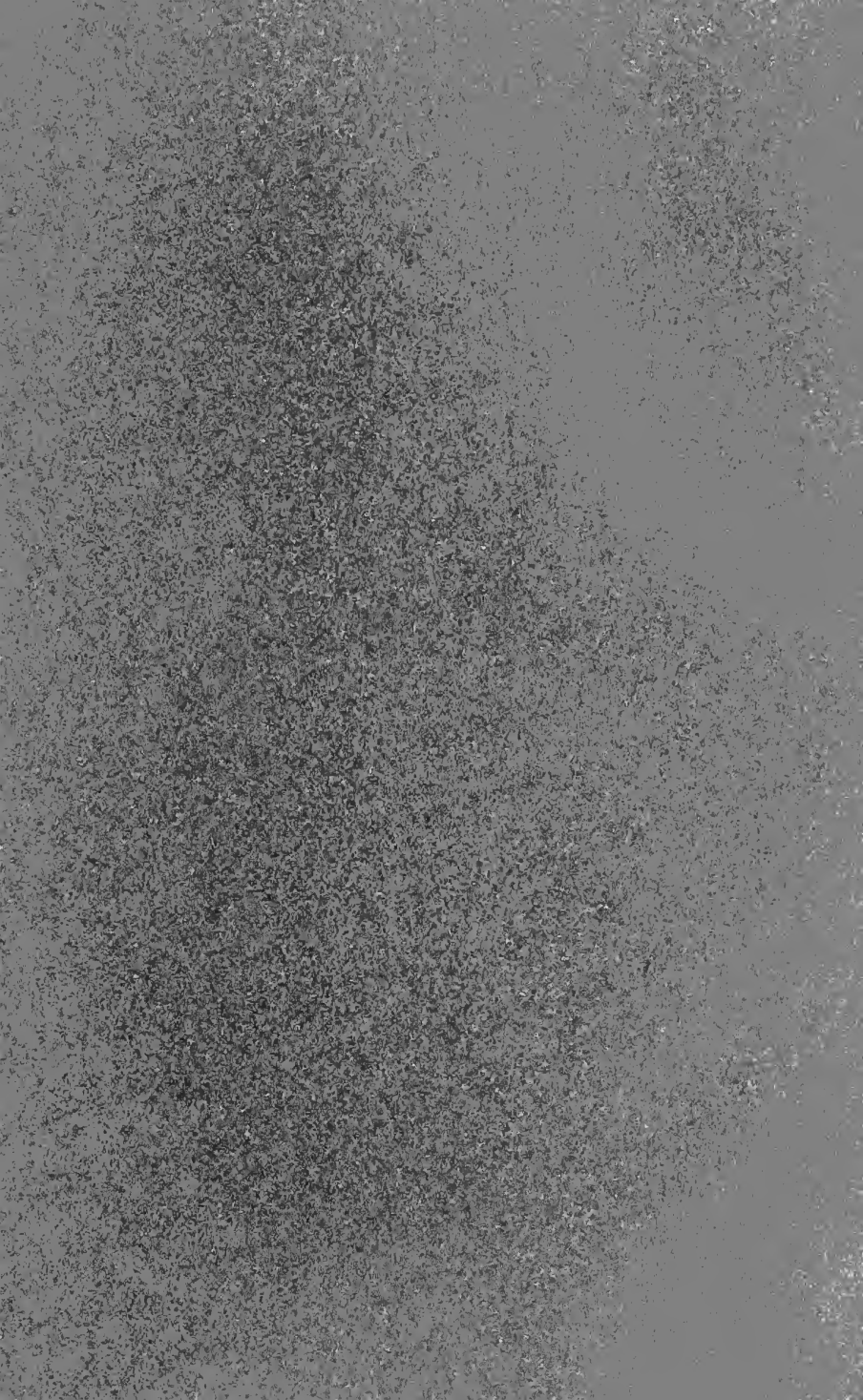
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GERT HOLM

M.L.

THE  
ARGENTINE  
GRAIN GROWER'S  
GRIEVANCES



IMP. RUGERONI HNOS.  
CANGALLO 490  
BUENOS AIRES  
1919

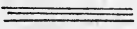
Owing to the printer's strike the appearance of this volume has been greatly delayed.

GERT HOLM



The 

Argentine ::

Grain 

Grower's :::

Grievances



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CH'AO TS'O (perished B.C. 155), a leading Chinese statesman, popularly known as "Wisdom-Bag", who lived under the First Emperor of the glorious House of Han, in memory of whom the Chinese are still proud to call themselves the Sons of Han, wrote as follows in an essay:—

"On the Value of Agriculture"

"Crime begins in poverty; poverty in insufficiency of food; insufficiency of food in neglect of agriculture. Without agriculture, man has no tie to bind him to the soil. Without such tie he readily leaves his birthplace and his home. He is like unto the birds of the air or the beasts of the field. Neither battlemented cities, nor deep moats, nor harsh laws, nor cruel punishments, can subdue this roving spirit that is strong within him.

"He who is cold examines not the quality of the cloth; he who is hungry tarries not for choice meats. When cold and hunger come upon men, honesty and shame depart. As man is constituted, he must eat twice daily, or hunger; he must wear clothes, or be cold. And if the stomach cannot get food and the body clothes, the love of the fondest mother cannot keep her children at her side. How then should a sovereign keep his subjects gathered around him?

"The wise ruler knows this. Therefore he concentrates the energies of his people upon agriculture. He levies light taxes. He extends the **SYSTEM OF GRAIN STORAGE**, to provide for his subjects at times when their resources fail."

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# CHAPTER I.

CONTAINING

Our Agricultural Future

Problems past present and Future

A Review of the Present Situation...

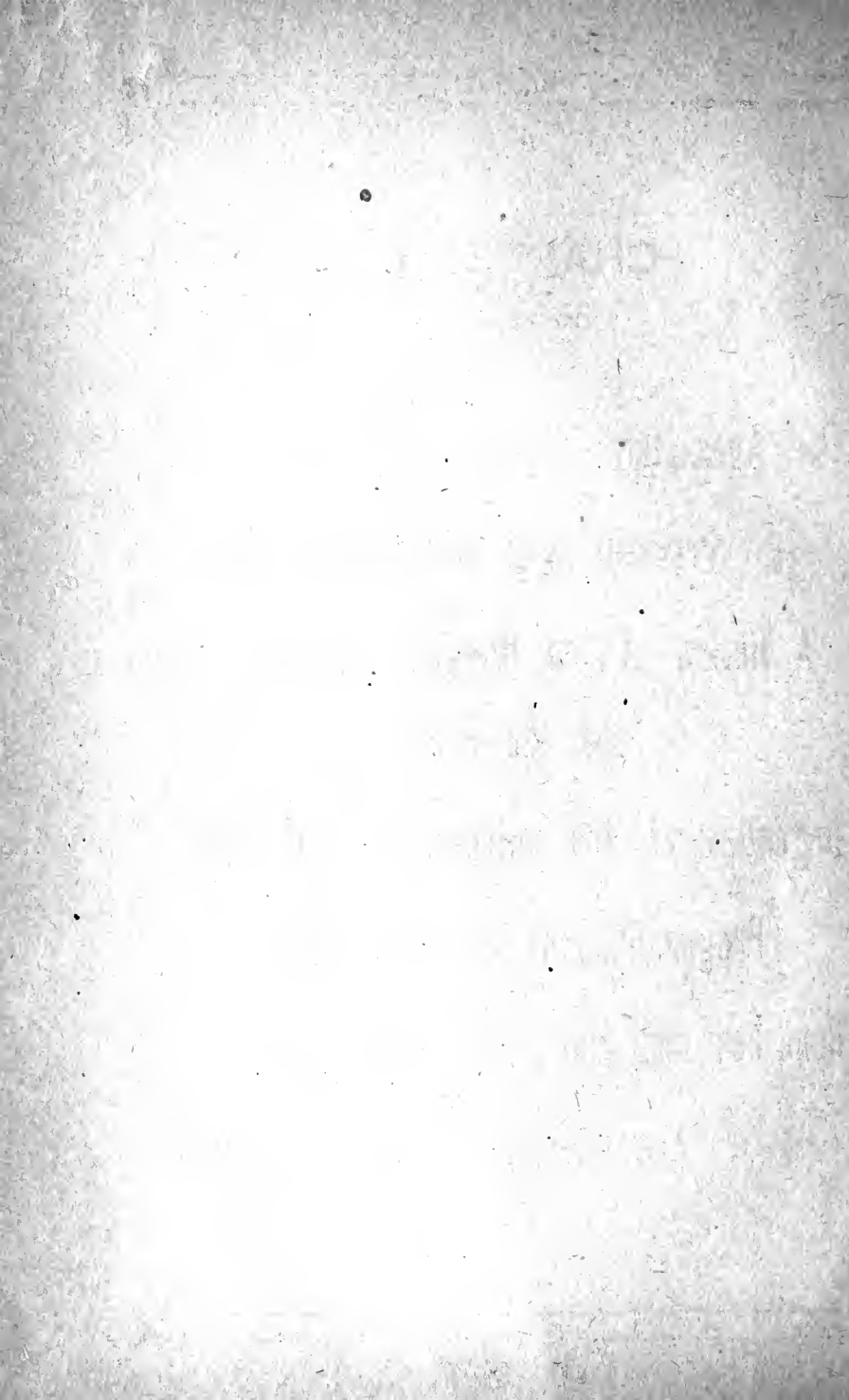
and the Past

Argentina at the outbreak of the War

Prognostications and Realizations

Remedies and their Application

Elevators and Grain Granaries





## CHAPTER I.

### *PREFACE*

In the following pages I have endeavoured to summarise a few of the aspects of the different agricultural problems which present themselves to the mind of every serious thinking citizen concerned with the prosperity of the country he inhabits and his own welfare, and after studying the matter to insist on the remedies which force themselves on the mind as unavoidable if the prosperity of the past is to be maintained in the future.

The struggle in Europe has reached an end, and there now remain the final or real effects to be taken into account, especially from the standpoint of the successful combatants—the Allies—and what policy they will be forced to adopt in order to secure the most practical result from their labours.

Will any of these final results affect the Argentine farmer? Will the Republic renew its commercial operations on the same footing as before? Will trade resume its old course, and find in increased operations further stimulant to greater exertion; or will the markets be less easily supplied, in the future than in the past, and instead of augmented prosperity, following on the fulfilling of their demands, a reduced demand for our produce bring grave trouble to our incipient agriculture?

That a new situation has arisen is the common consensus of opinion. How do we stand at the present, and what steps will place us in as favourable position as possible whatever happens?

I am convinced that despite the flamboyant optimism that characterises the opinions of all who inhabit the New World, and particularly these climes, to the majority of thinking folk the answer, however lightly given, nevertheless raises some feelings of disquiet.

In regard to the other extreme I am just as much convinced that there is, as the perusal of the following pages will show, no need for extreme despondency, but there is a call for something better than in the past.

It must be remarked that I am only concerned with one aspect of Argentine trade, i.e. the question of exportation, and again, to but a limited part of that, viz. Cereal Exports.

If I do not extend my labours to other fields it is, apart from the fact that I know them less, because the scope of the work has to be limited to the essentials of the case in order to achieve any practical results: this likewise precludes any intention on my part to make my suggestions resolve all our difficulties, or any pretension to cover all the country's activities and offer a panacea for all our worries.

With that aspect of the country's activities which relates to the manufacture for home or for export of articles of general trade, although it is intimately bound up with the general prosperity of the "camp", I am little concerned, nor does the future before the Cattle and Sheep breeders, or the Skin, Hides, and Wool Trades, together with the Frigorificos, call for more than a passing mention in these pages, despite the fact that, with agriculture, they have their pressing problems.

The Estancieros, cattle and sheep breeders, have before them every prospect of unparalleled prosperity, the herds and flocks of Europe have been decimated, the demand for meat of all classes is ever increasing with the greater consumption per capita remarked all over the world, which, quite apart from replacing what the ravages and destruction of the war have occasioned, promise unlimited demand: they have before them an epoch of high prices, tempered only by their own capacities and abilities to realise and utilise the situation to its fullest extent, since the number of animals in the world cannot be augmented immediately at will, nor can all the intensive methods ever advocated do more than obtain a relatively slow increase; increased meat production will mean increased consumption and for meat the saturation point is still far off.

The theory of decreased cattle and herds is relative and must be held in mind. Just as we have increased our production to meet the possible demands of the future so have other lands.

In the United States there have been great increases of live stock despite the heavy exportation for war purposes.

There are nearly half a million more horses and mules in the States than in 1917, about four hundred thousand more milk cows, and something like two millions head of cattle more, over one million more sheep, and four millions more swine.

In Europe the depletion of the flocks and herds has taken place but not to the extent generally supposed.

In horses and mules the importations for war purposes have been enormous, and the disposal of these animals by the respective Governments at any thing like remunerative prices is out of question.

Animals which were sold here to the Allied Governments at \$500 m|n. and which cost nearly \$800 by the time they were landed in Europe, hardly fetch one quarter according to the latest reports of the sales of war animals.

It is quite another question when we turn to agricultural products such as wheat, maize, etc., the grain crops.

Here the situation is different, since, unlike the stock breeders, grain producers can and have rapidly augmented production, till to-day the situation might be summed up in "over-production."

That this point of saturation for wheat and grain, has not been absolute we have to thank the disorganisation of the chief grain exporting countries of Europe, the Bolshevism in Russia, etc.: nevertheless it is patent that the situation is uncomfortable for sound business.

It is in regard to the present condition of the world's markets, and to the position of the Argentine grain grower in particular that the following pages are dedicated.

In them I have endeavoured to trace the future prospects based on the past and present, guided partially by the experiences of other countries in the past, and comparing with the progress elsewhere, I seek to indicate the lines along which future development must take place if success is to crown the efforts of the farmer here to keep his place in the world's markets.

## ARGENTINA ON THE OUTBREAK OF THE WAR.

The outbreak of the war was the cause of considerable disturbance in the commercial relations of the Republic, its progress caused many changes and its close promises even greater alterations.

Great expectations were raised immediately the first surprises were recovered from, some five years back, and many and varied were the prognostications, but all united in predicting unexampled prosperity for the land, and the situation of the country outside the sphere of direct action led the majority to prophecy that of all lands, the Argentine Republic was to be exceptionally favoured.

It was universally accepted that the chief articles in demand would be articles of food, and wheat and meat being the staple exports of the Republic they would be

called into great demand, and this would mean increased prices, enlarged areas under cultivation, eventually heavy profits, with considerable increase in the wealth of the country at large, and in particular for the farmers:— in short an era of great national prosperity seemed certain.

There is no denying that generally speaking these premises have proved correct. We have seen an unparalleled increase of prices accompanied by an increment in the value of the articles from the first stages of production: we have the figures demonstrating remarkable total value in exports at the same time decreased values in imports: parallel with this the rise of a considerable national industry, it is true attended with higher prices, but replacing many articles of foreign manufacture by home products.

General prosperity has undoubtedly characterised the country's history throughout the period of the European war.

Gold, according to the statistics, has flowed into the country's coffers as never before. We have established a new era in political finance, selling our produce on easy terms of payment, we have given credit instead of soliciting it, a new precedent in business has been set.

The inhabitants of the Argentine Republic may well be proud, for are they not, statistically, richer per capita than ever before, more paper money is in circulation in this land than at any previous moment in the history of the country, and a gold basis is assured the currency.

This may be claimed as highly satisfactory, although it is indisputable that the wave of prosperity has not reached all, has not carried its benefits to all alike.

It is not my intention here to enter into a study of the final incidence of all this wealth and prosperity, nor to dwell upon the difficulties which have attended its acquisition; it has been accompanied undoubtedly by much suffering to the working classes, nor can we pass over in silence the pecuniary embarrassments which have practically left our State Treasury stranded high and dry, and affected the administrative section of our Government both politically and morally.

I will only remark on some aspects of our progress during the last two of the five years, and draw attention to those problems which, from being mere phases in our career of development, have become predominant features which can no longer be ignored.

#### PROGNOSTICATIONS AND REALISATIONS.

We were to benefit primarily by supplying warring Europe with the prime necessities of life—meat and wheat.

It cannot be maintained that the results of the campaign to supply the contending parties in the late conflict have attained the amplitude reckoned upon.

If we study our statistics of agriculture generally, and those of other countries as much as the vague details published allow judging, we soon come to the conviction that alongside our calculations of some five years back realisation has resulted signally deficient.

The more we study the matter the more it becomes evident that either we have grossly overestimated our capacity for increased production, or we have sadly over-calculated the extent of the promised increases in value.

In the first case despite all the steps taken, the enthusiasm of the epoch, and the undoubted bright prospects which were held out for increased cultivation of our land, the total area under cultivation has actually decreased: after five years of unparalleled prosperity we are actually worse off than before.

We have cultivated as usual and reaped as usual; that is to say, we have harvested more, possibly, but not because of our labours but because we have been favoured with exceptionally good farming years: we have had our turn of fat years after those which normally follow the lean.

In only one detail have we steady increases to show as regards cultivation, that is in maize: unfortunately maize has been steadily decreasing as a profitable investment for rural energies for a long time.

But we have the increased value of our products to compensate: this is true, but at the same time it has been accompanied by a like rise in the costs of production.

### AGRICULTURE *versus* LIVE STOCK.

If we turn to the statistics of exportation, we find that the total value of our exports has increased some 30 per cent., during the last five years.

But the increase is distributed very irregularly, the greater part corresponds to the pastoral industry, in which is included, besides the values attributed to meat exports, those corresponding to skins, wool, etc. Agriculture includes wheat, oats, maize, linseed and other cereals.

If we compare their respective positions over the last five years, the conclusions are surprising. 1913-14. Total value in gold of cereals exports 300 millions approximately: Animal products 200 millions. 1918-9, Agricultural products 200 millions, Animal Products nearly 400 millions.

The Rural Economy and Statistical Department publishes the following figures of hectares sown with cereals:

	1916 17.	1917 18.	1918 19.
Wheat . . . . .	6,511,000	7,234,000	6,870,000
Linseed . . . . .	1,298,000	1,308,600	1,383,650
Oats . . . . .	1,022,000	1,295,000	1,206,000
Maize . . . . .	3,629,570	3,527,000	—

*Average Prices*

1917, wheat . . . . .	10.40 to 20.10
„ linseed . . . . .	13.45 „ 26.45
„ oats . . . . .	4.75 „ 12.10
„ maize . . . . .	6.50 „ 14.00
1918, wheat . . . . .	11.30 „ 13.30
„ linseed . . . . .	15.80 „ 26.70
„ oats . . . . .	5.00 „ 7.00
„ maize . . . . .	4.30 „ 7.50

Year 1917

Exports of:	Tons.	Value \$ gold.
Wheat . . . . .	935,828	60,632,191
Linseed . . . . .	141,308	12,928,966
Oats . . . . .	271,713	10,589,801
Maize . . . . .	893,939	39,262,221

Year 1918.

	Tons.
Wheat . . . . .	2,291,338
Linseed . . . . .	417,897
Oats . . . . .	525,083
Maize . . . . .	625,549

Export, Pastoral, 1917: \$ gold . . . . .	376,035,267
„ Agriculture, 1917: \$ gold . . . . .	144,483,271

Whereas the cattle breeders were responsible for 40 per cent. of the total exports before the war, they had increased their participation to 70 per cent. of the grand total of our exportation five years later; the cereal farmer whose share had previously been approximately 60 per cent. of the total value exported has reduced his contribution to the total exports to barely 25 per cent.

Even then on the basis of increased value of our produce only one side of our camp business has gone ahead: curiously the rise in value has been least experienced in pastoral products, excepting wool. The remainder of the items which contribute to the total for cattle raising industry, have experienced an increase exceeding barely 20 per cent. over the whole period, actually less than the cereals.

To begin with then we have not been able to maintain our previous averages all around: Animal Products have gone ahead, and Agriculture remained stagnant.



In the race for prosperity only one party can show a really definite advance; the cereal grower has not achieved any advance on his previous attainments, has failed to come up to the mark altogether; whereas he had to his credit in 1913, \$300 millions gold; wheat 100; maize 100, linseed 30, etc.,; five years later he has even lower figures.

An increase in the value generally of all our exports may be attributed to the war, and be of only secondary importance in the long run, but in the case of live stock it has been accompanied by increased production; on the other hand Agriculture or cereal growing which has had the same advantage of increased values has been accompanied by decreased production, or let us say, less profitable production; the relative increase in value of our cattle products has been accompanied by real profits (it has been attained without decrease in the total of production) which cannot be said of our cereals.

Therefore, in considering the relative progress of our two chief branches of farming enterprise, we are forced to the conclusion that the cattle breeders have got lower increase per unit but have profited by volume, whilst our cereal farmers have augmented the average price but have really not greatly increased their profits.

This cannot be explained as the effect of the war since assuredly at the beginning it should have been advantageous to both, and it has proved beneficial to all parties, only with the difference that one has been able to compete more successfully than the other, for our cereals have been knocked out in the race for the world's markets.

Both parties have seen a similar increase in prosperity, both have seen their produce fetch higher and higher prices, the prices ruling for cereals in 1916 were the highest ever recorded, equally so were the prices for wool, also those for meat (only now beginning to move upward) have not recorded such phenomenal advances, yet when we compare their respective situations to-day I venture to say that no one will attribute an equal state of prosperity to the parties.

### REAL AND FICTITIOUS PROSPERITY.

To both have been attributed prosperity by superficial observers, yet it is difficult to conciliate the diverse aspects of such prosperity: for whatever we hear from the cattle breeders, it is certainly a different tune to that of the cerealists.

In the case of the "chacarero" five years of reputed prosperity seem in truth to have remarkably curious ef-

fects in this country, and unless the supposed good years have been more apparently good than actually profitable it is difficult to conciliate the present atmosphere of agricultural calamity with years of undisturbed prosperity.

If one year with diminished facilities for disposing of an excellent crop threatens to annihilate all the gains of the previous years, I venture to suggest that in truth our rural prosperity has been fictitious, inasmuch as one mishap can bring down the whole house about our ears.

The chief sufferer, if we may term suffering the comparative prosperity which our farmers have enjoyed, has again been the cereal farmer—the *chacarero*—whose sufferings, five years ago, were to be relieved for ever by the war.

Despite the high prices, despite the huge demand, and despite excellent harvest he is still where he was before.....

During the last decade agriculture has spread continually, although chronic distress characterised the years immediately preceding the war: then when the war came, all this was to be remedied, but the war has come and gone and still we have not disposed of our bugbear.

Before the war the distress was attributed to the bad methods in vogue, both among farmers and commercial men handling the products of the farm. Is the same cause to be attributed to the distress to-day?

The war then has not established once and for all the prosperity of our farmer, it has only saved him from going further back; it has brought no permanent results, it has increased our prices but not our profits, it has given a fictitious air of bustle and movement, and after the spur of a passing moment we are rapidly drifting back past where we were before.

Does the future hold out any brighter prospect than it did five years ago? Decidedly not; for surely if the times preceding the war were unsatisfactory, and only the abnormally favourable conditions of a war could put our farmer on his feet (and this it has been unable to do) what then are the favourable events we must look forward to?

To a bad year or two, weather and prices, may be attributed an occasional setback, and pass unperceived in the general run of ups and downs. But in the past our agricultural distress was not attributed, any more than the present depression can be attributed, to this cause. Instead of an epoch of depression following a period of bad times we have one in the middle of an era of prosperity, in certainly the most favourable period ever registered in the annals of Argentine farming.

Most remarkable it is that a country exporting an article of prime necessity, still in great demand, should experience a crisis in a moment of prosperity; that a rise in the value of her commodities should be synonymous with a decrease in their utility to her: well may we accept it as only too true that but for the favourable circumstances of the last five years the decline in agriculture would have been most pronounced.

When one goes into the history of our agricultural development of the last decade, and studies the ups and downs of cereal farmers, the more one goes into the details the more reasonable does one find the apprehensions of the farmer regarding the future, and the more grounded does his discontent appear, and this after five years of prosperity.

In order to appreciate the reasons for the present distress it is necessary to do more than consider the difficulties provoked by a passing strike, those occasioned by a deficit in bags, or whatever excuse finds most acceptance for the moment. It is essential to pass in review the agents which influence agricultural things adversely some years back, and discover if the same causes which operated then are not operating to-day.

And when we have done this, and glanced into what our competitors have achieved elsewhere in the world we must decide what has to be done at home to attain that grade of excellence, which Argentine agriculture should occupy, according to the advocates of rural life.

## RENEWED AGRICULTURAL PROSPERITY.

What measures, then, five years ago were most likely to achieve prosperity to our farmers?

At the beginning of the war the agriculturist was told to get on and sow as extensively as he could, as there would be demand for all he could produce.

Hardly had he set to work and produced considerably, than it was discovered that the supply was in excess of the demand, for despite his efforts his profit was less than before, prices which had promised such ample profits failed to materialise, and the crisis of 1915 only proved that the root of the distress of 1912 still existed.

Measures were urged by the State to counteract the evils, and after considerable delay it was resolved to return to the explanations offered previously, since none other were accounted suitable for the situation.

## AGRICULTURAL DISTRESS IN 1915.

### *Government Proposals for Remedying it.*

In 1915 the President of the Republic declared in a message to the Senate that, owing to the losses which Agriculture was suffering it was a previsory duty to seek some means of impeding the considerable depreciation in the value of the cereals through unjustifiable causes. It was notorious that the losses which were inflicted on the farmers from their being unable to market their grain in good condition, to dry, clean, classify and grade their cereal products, before disposing of it, exceeded \$70,000,000 m|n. annually : That the area under agriculture was being extended, and it was imperative to undertake the necessary steps without delay in order to obtain the great benefits for our farmers to which their labours entitled them : That the construction of Granaries, or Grain elevators, could be delayed no longer and therefore the Government had decided on their construction without delay, confident that, with the aid of elevators, there would be an end to our Agricultural losses.

The Senatorial commission, to which the project was submitted, declared that the losses sustained were much superior to the sum stated by the President in his message, and, in fact, exceeded \$100,000,000 m|n., and that, with the astonishing progress which agriculture was making, it was essential to attempt some diminution of the charges which weighed so heavily on our cereals from the moment they were harvested till the time they left the country.

The Minister of Agriculture speaking in the Senate declared :—

“That the construction of Elevators, granaries, and grain-dryers, was, in the opinion of the Government, a problem of such vital importance as to constitute a question of State interests. Although there were varied opinions as to the methods of working them, all those who had studied our agricultural problems were of unanimous opinion regarding the convenience of grain elevators, and the necessity of building them immediately. Their absence was inflicting unwarranted losses on the country, in which, of the 24 million of cultivated hectares, no less than 13 millions were sown with cereals requiring a vigorous manipulation in order to improve the quality and price, and in order to achieve this and to avoid losses which the colonists without capital and customary resources must face, elevators were essential.

From an enquiry practised by the Cereal Chambers

of Buenos Aires and Rosario, the following statistics had been formed which demonstrated in themselves the necessity of proceeding with the construction of elevators without delay.

### HARVESTING EXPENSES WITH AND WITHOUT ELEVATORS.

In Argentina the average cost per ton of placing wheat at the station is \$28.30; Linseed \$33.70; Maize \$29.00; Oats \$19.90. Taking the harvest of the last six years as a basis, and allowing for the constant increase in production, the gathering in of an average harvest of 4 millions tons wheat, one of linseed, four of maize and 800,000 tons of oats at the above rates cost annually approximately 250 millions pesos m/n.

What is the calculated cost in this country without elevators compared say with the United States with elevators?

*Expenses under the Argentine system, for one thousand quintals of maize:*

0. Peons and picking . . . . .	\$1,000
1. Cartage, 1,600 bags at 15 cents. . . . .	240
2. Shelling (desgranar) at 20 cents. . . . .	200
3. Sacks. 1,600 at 16 cents . . . . .	256
4. Wastage. . . . .	100
5. Loading, discharging, general handling etc., Commission 1 per cent. . . . .	50
6. Baskets for gathering . . . . .	10
7. Sacks for transporting picked maize . . . . .	60
8. Peones for loading maize in "troje" . . . . .	100
9. Average profit to "Acopiador", 15 cents per 100 kilos . . . . .	150

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Total expenses up to placing maize at the station . . . . . \$2,166

*United States, under system employed there.*

Picking . . . . .	\$ 750
Cartage. 600 bags at 7 cents. . . . .	112
Shelling . . . . .	50
Loading, discharging, etc., at station . . . . .	70
Elevator charges for selling . . . . .	25
Elevator Drying and Ventilating . . . . .	10

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Total . . . . . \$1,017

The difference between the two costs is thus explained; O. Picking: here we employ the bag and the basket for harvesting, whereas in the U.S.A. the maize is picked

and thrown direct into the cart, which signifies 20 per cent. gain in labour. I. Cartage: difference between 1,600 bags at 15 cents here and 7 cents there because the farmer is near the elevators there and gathers his maize and transports it in his own carts.

2 and 3. Sacks: the 1600 sacks are eliminated altogether, elevators load the waggons in bulk. Shelling: 20 cents here, only costs 5 cents there by the elevators. Nos. 4, 5, 6, 7 and 8. Wastage, etc.: all disappear there. 9. Here Commission is paid; there it does not exist.

What then is the difference between gathering maize, as represented by one system against the other? . . . \$14.50 per ton. Taking a minimum harvest of 4 million tons, a positive loss to ourselves of \$50,000,000.

#### *Oats and Wheat.*

In respect to oats and wheat, by the American system the colonist takes his crops to the elevator, and saves bagging, with an economy of 40 cents per quintal; for the classifying and grading he pays 20 cents to the elevator.

The saving in these items alone represents, calculating on 4 millions tons, over 24 million pesos.

#### *Linseed.*

In regard to linseed the handling of which in bulk is not yet resolved satisfactorily; the difference in methods in use here and there would not be more than a million pesos, since the use of the sack has not been suppressed there yet.

#### *An Economy of 75 millions through better methods.*

We have between wheat, maize, linseed and oats an economy of nearly 75,000,000 pesos made possible through the better methods which elevators create.

#### *Transport Losses occasioned by the use of sacks.*

There must be added the losses through breaking of bags, sweepings which remain in the waggons on being discharged. An expert has estimated these losses at two kilos per bag, which signifies on the 165 millions bags which are in use, approximately 330 thousand tons, at say \$100 per ton, a loss of 33 million pesos: even accepting that the suppression of total loss from this source is impossible, yet only reducing it by half, it represents over \$17,000,000.

To start with, then, we have the following economies obtainable through better methods which the elevators facilitate, and which are common elsewhere: By better harvesting methods 75 millions m/n.; by better transport methods 17 millions, or a total of over \$90,000,000.



The total value of our cereal exports were in 1915 just over 300 millions, so that nearly 33 per cent. is added to their value for the producer by better methods, without increasing their price to our clients.

Now above all there is the difference in price: in the price at which the cereals are disposed of by the farmers to the grain merchants or *acopiador*, and their actual values on the consuming markets.

We know that our "chaacarero" without capital, and unable to make use of the warrant, because there are no elevators to classify and store his grain, has to sell his crop just as it is harvested, wet or dry, dirty or clean, pure or mixed with innumerable other grains, and has to submit to the arbitrary classification of the grain buyer who estimates its value according to his ideas, and pays his own price, which means penalising its value to the extent of at least 30 to 40 per cent.

If the price ruling on the market for cereals, sound and of required weight is \$10 m|n. the colonists should actually receive this, and not as at present one third less. Elevators will abolish this arbitrary classification.

Then to the above mentioned advantages there must be added those which the handling and storing of a sound, classified cereal must give to the producer, and his being able to operate on it with the aid of the warrant, and thus secure its direct sale on the markets.

How many more millions would these items represent in the general economy?

The absence of elevators occasions an unjustified loss of such importance that with the loss of one year alone there could be constructed one thousand regional storage elevators and the terminal elevators in the ports with all the appliances for the embarking of the crop, which are at present non-existent or insufficient.

## SIX MILLION TONS STORAGE CAPACITY.

The Government projected the construction of 1,165 granaries in the railway stations with a total storage capacity of some 5,000,000 tons; besides these, others with a total capacity of another 250,000 tons outside the stations; in the ports, others sufficient to hold 450,000 tons, a total of sufficient capacity to handle nearly 6 millions tons, or 95 per cent. of that part of the harvest of wheat, linseed and oats, which is transported in good years by the railways; the harvesting of maize, which commences when the greater part of the wheat, etc., has left the country, would find sufficient storage space up to about 80 per cent. of the crop.

The calculation of the capacity necessary for elevators was based on the cultivation of approximately 24 million hectares, of which 14 millions were dedicated to wheat, linseed, maize, barley, rye, and oats, producing more or less, on an average, 11,000,000 tons.

In order to carry through the project the Minister of Agriculture solicited authority to issue a loan of \$50,000,000.

The project was voted in the Senate, but ere it could be passed through the Congress, there came the change of Government, and above all, the market, affected by the universal shortage and consequent demand, recuperated its vigor and with a return to apparent prosperity the matter was forgotten for the moment.

Two short years of apparent prosperity 1916-7 and the matter once more is thrust before the public attention, we are back again in difficult waters with our agriculture.

The real problem is lost sight of in an attempt to come to terms with our clients, and to keep time with modern tendencies and needs; the financial side of the question forces itself before all others to the detriment of the real issues, to the obscuring of the actual causes of our agricultural distress.

### THE REAL PROBLEM OBSCURED.

If we accept the explanations of the Minister of Agriculture in 1915 the difficulties which beset agriculture at that epoch were due to the same causes as those cited previously in 1913 by another Minister, and the remedy proposed was the same, Elevators and Grain Granaries.

In both cases the remedy was directed against the losses occasioned not by elements over which the farmer had no control; such as the weather, rains, frosts, etc., nor by the methods of working the land, nor by decreased fertility, nor by the ineptitude of the "chacarero" in general, nor by any of the causes which influence production up to harvesting, but against the factors which enter into play after the primary labours of the farmer are concluded; that is to say against the losses provoked on the commercial side of the undertaking, those which inadequate organisation in the sale of his products occasion the farmer.

This had in truth long been recognised as the real cause of all our agricultural difficulties by every intelligent observer, and had been made the occasion for innumerable articles in the press and of numerous studies

from the pens of every competent judge in agricultural matters, only the Government apparently declined to recognise the truth, or, rather, declined to put the required machinery in motion in order to remedy the distress once and for ever. (\*)

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## THE AGRICULTURAL MENACES OF

1912-1915-1917-1918.

The remedy proposed for the solving of our Agricultural difficulties as far back as 1900 was Grain Elevators, the institution of which was embodied in the Law No. 3908 relating to "Elevadores de Grano". It was renewed again twice during the last six years under two separate Governments and unless I am greatly mistaken will have to be revived in a new project by the present Government: this time I hope with definite success.

If the difficulties which beset our farmers in 1915, that is, immediately after the declaration of the European war, and those which afflicted the cereal trade in 1912 previous to the war, and those under which we are at present labouring after the war, are one and the same then it is logical that the remedy proclaimed with such insistence must have a substantial foundation.

The difficulties then were similar to those to-day, primarily the insignificant prices ruling for the cereals in the country, compared to the costs of production. As before, we have quantities of cereals lying about the country without buyers at remunerative prices, but this time produced at more than customary cost due to the inflated prices ruling for machinery, sacks, etc., and to the higher wages, plus the abnormal increase in the cost of living in the country, and having for corollary the same scenes as in 1913 and 1915, accompanied by the same complaints, on the part of the farmers, although this time they threaten to acquire more gravity than previously.

Then as now we are menaced by strikes of the "charcareros", in demand of reduced rents, increased facilities for working the land, or better terms both for past debits and future credits, with threats to refuse to work the land or leave it, complaints of exploitation by all

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See articles of mine in "The Standard" dating back over a period of nearly ten years. National Wealth Sacrificed, by Cornucopia 1908 Agriculture in Argentine by the author in 1914: Grain Elevators by Sr. J. Baldassare in 1916. Project for a Granary Law an 1912 and A Plan of Public Works by Dr. D. Ramos Mexia 1913 etc. etc.

parties concerned in the purchase and disposal of the crop, declarations of inability to make a living out of farming, etc.

### PROFITS AND LOSSES.

The years vary but the complaints do not; nor do the estimates of the losses.

In 1912 in the pamphlet published by the Minister of Public Works, for a projected "Ley de Graneros" which should authorise the State to construct Elevators in all the railway stations, and ports, Dr. Ezequiel Ramos Mexia, presented the following statistics of economies, based on an average annual crop of 12 million tons:—

	\$ m n.
1. Suppression of Sacks (at the time in question already exceeding 30 cents each) at the rate of 20 cents per 100 kilos . . . . .	24,000,000
2. Higher price for cereals, clean, dry and suitably graded, at the rate of 10 cents per 100 kilos . . . . .	12,000,000
3. Suppression of false freight, which corresponds to substances foreign in the cereals at the rate of 1 cent per 100 kilos . . . . .	1,200,000
4. Substitution of handling by hand for mechanical means, automatic weighing and discharging, etc., estimated the difference at 4½ cents per 100 kilos . . . . .	5,400,000
5. Suppression of wastage incidental to transport in sacks, and gang-plank loading, 3 cents per 100 kilos . . . . .	3,600,000
Total economy effected . . . . .	\$46,200,000

The following advantages were not computed, although, nevertheless, they must be taken into account:

Suppression of losses from damages, petty average, etc., etc.

Greater efficiency at the ports.

Better utilisation of the railway rolling stock.

Abolishing of demurrage for wagons in the ports.

Abolishing of demurrage for ships.

Suppression of transport of grain in humid condition which ferments en route with considerable depreciation for the whole cargoes.

And finally the most important of all advantages, the possibility of issuing warrants, with absolute security for the bankers who discount them and with positive benefit to the depositors.

\$ 46,000,000 *Wasted Annually.*

The figures adduced and the calculations made emanated from most reliable associations and individuals, and had been under-estimated in order to avoid possible exaggeration, even so, the sum total of the losses sustained under the heads enumerated, some forty six millions annually, were so impressive as to force the State not to postpone for one instant the construction of elevators.

### WAR LOSSES *versus* WAR GAINS.

Again in 1914 in a pamphlet published under the title of National Wealth Prostituted, in a plea for sane and scientific methods, I computed the losses on wheat alone, based on a possible contingency of the war not proving our salvation as then proclaimed, as follows:—

Difference in prices through forced selling, that is between those ruling on the European markets and here, allowing for the expenses of transport by sea and land, etc., \$200,000,000.

The loss through deterioration of crop, through delayed despatch and sale, and from non-grading and wastages, by insects, rotting, damp grain, etc., \$150,000,000.

The waste of money over the use of sacks, by their additional cost, and by the speculation, the delays they cause, etc. \$45,000,000.

The overcharge in ocean freights, that is the difference which we would have to pay over and above the high freights ruling during a war (at that time no one foresaw that freights would actually reach the rates they did) on account of the absence of facilities for loading, etc., *loss of rapid dispatch money, and demurrage cost, etc.*, \$5,000,000.

The extorsions of the Monopoly, or Grain Trust, and the gains of all those who deal in grain, taking advantage of the situation, over and above legitimate profits, \$100,000,000.

*Total \$500,000,000 annually less than should be earned.*

That without elevators and without warrants, which alone are possible through elevators, the farmer would be deprived of the means of defending his crops; That his losses which in normal years amount to one third of the sum he receives for his wheat, that is where he netts \$12 instead of \$15, would be double the total value of the crop during the next few years of abnormal war trading, that is to say for a crop which in 1913-4 was worth \$200,000,000, he would not get a cent more despite

the war, and the fact that it was worth \$400,000,000 ~~on~~ the consuming markets; he would not enjoy the profits from the difference in values; that the loss in this respect would equal if not exceed \$200,000,000 m|n.

Experience has demonstrated the truth of my observations, and the just appreciation of our losses to the farmer in this respect; figures which at the date of publication were treated as fantastic.

That the losses which would result if we were obliged by circumstances to hold up the dispatch of our crop, if we were obliged to retain it in the country for only a few months more than anticipated, if, by chance sufficient ships were not at hand to carry it away, or any other contingency intervened (it is true I had not strikes in our port in mind but rather delays in the arrival of ships) to impede its sale and dispatch, would exceed all previous calculations, and mean immense losses through deterioration as there exists no place to store our cereals, is without doubt and beyond all argument. At a lowest figure this would mean that one quarter of the crop would have to be thrown away or sold for a mere bagatelle, and taking the loss of this, plus the loss in the labour in sowing, harvesting, bagging, storing and seed thrown away, our farmers would be out of pocket to the tune of \$150,000,000.

At the moment I write, the press is full of reports of immense piles of wheat, heated, and "Gorgoja" eaten, etc., of the maize rotting and mouldy in the "trojes", etc., etc., and our losses are for this year's crop 1918-9\* even calculated to exceed my estimate on 1914.

That the waste of money in sacks, occasioned normally through sacks being used as places to store our cereals, would be double and treble the customary; that a sudden demand for sacks in case of our crop remaining unsold, would force the price up and add to their cost by creating an artificial shortage, and speculation would step in to add to their price; that instead of sixty millions pesos in sacks we would have to buy for three times the amount, and pay war prices for them; that despite the increased expenditure the shortage would still exist even after wasting over \$150,000,000 m|n. in buying sacks, which after they would be worth not one quarter of their price when we came to sell them with the grain, so that even the lowest computation, still allowing for the extra price we might obtain for our grain, would leave us out of pocket over sacks by more than \$45,000,000. As a matter of fact they have proved nearly double my estimate in 1914.

That from the money the farmer spends on sacks he recuperates nothing even in normal times, so that the



sixty millions annually invested in sacks is a dead loss, which by the construction and use of elevators could be avoided altogether, so that in reality the waste of money in sacks would be superior to \$100,000,000.

That the additional charges we would have to pay for not being in a position to load rapidly and despatch the few ships we would get, would add to our losses, would mean still further reduced prices for our wheat; that absence of facilities for rapid loading such as elevators offer would impede us from receiving more ships, or even being in a position to solicit them, incidentally delaying our shipments of cereals and so bringing in its train greater damages to our trade; that the difference in rapid despatch money alone per annum which we could earn, would in the abnormal years of the war exceed millions, that the difference between this and the cost of demurrage would leave us out of pocket by millions, instead of in pocket.

I estimated these losses at some \$5,000,000, but as a matter of fact the total overcharge annually, and the difference between the freights, even allowing for the favourable circumstances of the Argentine Republic lying outside the war zone, and that loading was speeded up as much as possible, which we have had to pay and those at which we could have obtained ships have exceeded this figure by nearly twenty times.

And finally that the gains to commercial grain buying houses and *acopiadores*, to the speculators on the Grain markets, aided by the manipulations and extortionate price-lowering combinations of the Grain monopoly or Trust which rules the market, over and above the legitimate return they are entitled to from their business, would equal one quarter of the value of the crop; that by their being able to buy cheaply from the farmer, and force him to sell at their own terms, no matter what the real values ruling were, they would gain \$100,000,000.

As a matter of fact their profits have far exceeded this sum. It is sufficient to quote the prices ruling in the country at present for our wheat (\$6 per fanega against the official price of \$12.50 per 100 kilos). The outcry is long and loud to-day, the same as it was when I wrote in 1914, predicting that it would be even worse later on.

In this respect let me extract from the brochure published in 1908 under the pseudonym of *Cornucopia*, which seems to me to reflect the same conditions unchanged, and which curiously records an attempt to draw attention to a situation analogous to that of 1914 and again remarkable in 1919; that is the exploitation which the farmer has to submit to on the part of those who deal in

his products, and the insignificant profit or value to him of his labours compared to that resulting to those who negotiate with his products.

With the exception of meat, all the prices of alimentary products of the country have fallen as much here as they have risen in proportion elsewhere. That is to say while the actual consumer or buyers have paid more than ever, the producer or seller has received less than ever in proportion. Who has swallowed the difference?

### NATIONAL WEALTH SACRIFICED.

“Agriculture is the corner stone of Argentina’s wealth and power. Nature having endowed her with such bountiful crops, leaves it to the sons of Argentina to safeguard this magnificent birthright, to see that it is not squandered, but administered with intelligence and realised to the best possible advantage, for the welfare of the country.

That this onerous responsibility has been discharged with credit in the past cannot be justly claimed, but some extenuation can with reason be pleaded and allowed, as the development of Agriculture has been so phenomenal and rapid, that the necessary economical advantage which should go hand in hand with it, has been neglected.

In 1897 the total exports of Wheat, Maize and Linseed were 600,000 tons, to-day, 1907, ten years after, the promise for the coming cereal year is a round ten million tons.

The miracle has happened, the increased crops are concrete, but the lack of storage, and the consequent absence of facilities for financing have become much more accentuated and vital.

65 millions sterling may be regarded as a moderate and equitable estimate of the international value of this year’s crops, taking into supposition that a good average maize crop is successfully harvested, but whether this figure will be attained, or 10 millions sterling less, is a matter for Argentina to decide: it depends on her resources for handling and marketing the Crops, and the acumen of her Cereal Merchants.

The misfortunes of her great competitors, United States, Canada, India and Russia, undoubtedly give Argentina pride of place in the Cereal World for the coming season—she is the only country in the world with heavy crops of Wheat and Linseed, and could justly claim the position of price maker in 1907. It remains to be seen whether, however, she will exact a fair and true value, or whether history will repeat itself, and her pro-

duce be sacrificed under the hammer, with forced sales and liquidation at prices in which she has no voice—the full pound of flesh exacted,— and Argentina to pay again the penalty of her helplessness.

Apart from the millions of dollars which is yearly lost to this country by the pernicious throwing away of her crops, the injury and depreciation thereby caused to the interests of other great producing countries is incalculable. Argentina stands alone in her utter incapacity to market her crops on sound business principles, and it is well for the commercial world generally that other countries are able to handle their surplus products with some regard to the laws of supply and demand, otherwise the disequilibrium, which is annually produced by Argentina's pressure to sell, would result in chaos.

Canada for instance, the country which joins issue with Argentina for the claim of being "The World's Great Breadfield", is equipped with Stores throughout her wheat belt, and has a storage capacity in 1907 for not far short of 2,000,000 tons in regular warehouses, that is to say, in warehouses under the control of Public Companies, and which are recognised by the State and the various commercial bodies, and whose Cereal Warrants are held to be first class security, recognised and negotiated as such by the most conservative financial institutions.

Canada thus equipped with such a formidable line of defence, holds her wheat at the actual value, and she is in a position to wait until her weaker competitor, Argentina, has "shot her bolt".

Adam Smith discussing the fundamental principles of economy in his "Wealth of Nations" lays down, that supposing that ten bags of wheat are taken to the market, but there is only a demand for nine, the price of the forced sale of the tenth bag makes the market value of the wheat: this is illustrative of Argentina's case, she forces her crops on the consuming markets greatly in excess of their immediate requirements, and thus depreciates the value of the whole.

With the total World's Wheat Crop of 1907 about 6 millions tons below average, and consuming countries looking with anxiety, not to say alarm, for supplies to cover their requirements till September next when the new crop of North America may be expected to afford some relief to the situation, it is obvious that whether Argentina has a surplus of 3 million tons or 4 millions, does not materially affect the international situation, nor afford an excuse for selling the crop \$1.00 per quintal under its value.

Again the Linseed crop is sufficient to meet the

whole requirements of the consuming markets for the year. The question is whether Argentina will regulate her shipments over a period of some months, in accordance with natural requirements, or continue the suicidal policy of shipping everything over a period of three to four months, and glutting the markets. Unfortunately there is no reason to doubt that the usual order of things will not follow.

In any case time is required to consume the crops, and if they are dumped in Europe, it is very certain that Argentina will not only pay the actual carrying charges and interest of money, but will pay the piper dearly for calling the tune, inasmuch as consuming markets, being forced to carry such large stocks, are thus placed in a more independent position, and given power to depreciate the value of further future shipments.

The interests of the Nation as a whole are that its products shall obtain a fair return, and the time has come when definite measures must be instituted to protect the producer and the produce.

It would be idle to suppose that the solution of this problem will engage the serious attention of the small clique who control the export in Cereals, otherwise than to incur, at least, their secret and unscrupulous opposition.

This aggregation of capital has been so skilfully engineered that it constitutes a growing evil and a monopoly of almost unlimited powers, and also of almost unlimited resources.

This iniquitous monopoly in food-stuffs does much more vicious and vital harm than any of the North American Trusts in manufactured articles: it strikes at the actual root of the Nation's welfare.

In reference to North America it is on record and well worthy of Argentina's special interest to note that in 1894 when a clique of the most wealthy capitalists endeavoured to monopolise the cereal products there by forcing the Anti-option Law through the Congress, which would have closed all the future markets and meant the ruin and consequent destruction of the small trader, and of all competition, it was discovered that a fund of more than one million gold dollars was being provided by these big interests for the purpose of rushing the bill into law; the measure was promptly killed.

Thus in North America vultures find no home on her wheatfields, although large species of this carrion breed, well known on Argentina's rich plains, have paid heavy tribute to the protection that America affords her producers, and have flown to pastures new. A broad

and equitable system of trading means death to the vampire methods that unfortunately flourish and fatten in Argentina.

It is perfectly clear that the introduction of methods likely to foster competition and afford relief to the grower from the present usurious and iniquitous system in vogue, will meet with the most strenuous opposition of the daring few and skilful monopolists who now subordinate all other interests to their own: the producer is absolutely at their mercy, and even the big railroads must bow to their dictum. This, however, is but a particle: their powers are without limitation.

Not only the Cereal Market, but the Freight and Exchange markets they manipulate and swing to suit themselves by their gold imports and operations. When they want to force the prices of Cereals down here, they have only to offer largely in Europe, and work a fictitious rise in freights, which immediately causes the desired decline here—then they buy—reverse the tactics, and engineer a rise to unload in Europe, but taking care to buy as little as possible here at the advance. Woe betide any little trader who crosses their path, or any enterprising Cereal or Ship Broker who has the temerity to arouse their cupidity, by presuming to snatch a bone from the feast in the shape of an odd commission or two: his brains are duly sucked and he is tricked of his prospective business by some means: the end justifies the means, however, reprehensible they may be.

“War to the knife” is the motto of this little band of high-waymen. All competition must be crushed, or, if it should be big enough to be dangerous, efforts would doubtless be made to buy it in.

The methods in vogue, however, are quite sufficient to keep off any effective competition. Undoubtedly the adoption of broad commercial principles while rendering incalculable benefits to the country, and her commerce would still afford this clique ample scope for the display of their capital and energy, without the taint of brigandage, but their policy is avaricious and shortsighted.

They are hardly content with their role of auctioneers for the sale and annual debacle of Argentina's products.

The wealth of Argentina is in the hands of some three or four firms and absolutely at their mercy—a sight for the gods indeed.

What right has the monopoly to live? Is it conquest by war, or right of heritage? No. Aliens to the earth could not put this plea.

It is to the dominion of the dollar, a soulless system,

without scruple or principle bent on the spoilation of the riches of her fertile plains by these Buccaneers of Commerce. Their methods are relics of barbarism, with absolutely no basis or shred of equity: the producer is entirely in their hands,—quantity, quality, and market price, it is all the same—he is tricked and fleeced in one way and every way.

Woe to him if he has borrowed money against his produce, even though he pays a modest 30 per cent. interest, then indeed his lot is a hopeless one.

Wake up Argentina, let the voice of your great Press ring out the challenge to this Hydra-headed monster that is within your gates. Is it not enough that it is absolutely the same grip of millions exploiting the labour and riches of your soil, which shackles the serfs of Southern Russia and the Congo nigger. The economic prostitution of these countries, having in sequence, atrocities and bloodshed is to the standing disgrace of civilisation.

It is Argentina's duty to arrest the outrage on her resources that is daily being perpetrated, and this without delay, or the unwritten page of history may have in store for her no mean penalty for such a grave default.

A trust in precious stones is not difficult to countenance, but a trust in Cereals is a malignant cancer, it strikes at the heart of the general fare—the producer suffers at one end and the consumer at the other.

In the present case the rich harvest of profits reaped in the exploitation of the Country's products does not find even a home here, but for the most part is disbursed in Europe. Even this solace is not forthcoming.

Argentina does not hesitate to vote the necessary money to maintain the efficiency of her Navy and her Army, nor scruple to grant ten millions of dollars to combat the Locusts; it is therefore beyond question that when it is fully realised that money is required to build warehouses to defend her increasing Crops, it will be forthcoming if not from private enterprise, then the National and Provincial Governments must come to the rescue.

It is more than essential—it is imperative.

Brazil sets Argentina a brilliant example by her resource and adoption effectively of the necessary measures instituted for the protection and proper administration of her great Coffee Crops, not only by supporting the inauguration of the Option markets at Santos and San Paulo to defend her planters against threatened monopoly by a few wealthy exporters; but by the formation of a big Storage Co., under Government guarantee, and the passing of a Warrant Law to work in co-operation and to facilitate the carrying of stocks so that shipments

are made consonant with the demand and thus sustain values in the international markets.

Is it not a reflection on Argentina that as the seasons go by and her crops increase, she remains as bare of storage facilities as ever?

By reason of this her cereals still fail to find recognition with her bankers as a first class security, which is accepted and willingly met in every part of the globe where the sun shines.

Bankers are naturally timid and rightly insist that the bona-fides of any collateral shall be clearly defined and insured.

Wheat, therefore, in the absence of any systematic basis is not recognised as a commercial security in Argentina, although immediately it reaches Europe it obtains recognition as a first class collateral on which 95 per cent. of its current value is willingly advanced by the financial world, and why not, it is the finest security the world contains—its buying power is greater than all other products and minerals combined. Gold in comparison is without value, for it is nothing more than counter to barter with recognised by the world.

Turning by way of comparison to North America the report submitted by the Industrial Commission to Congress in 1901, states, that the American product meets the World's competition in foreign markets on the most favourable terms, and usually with great success with the result that, because of the competition of carriers and the rivalry of the markets, the American producer gets very much more for his labour than any inhabitant of any other country on earth.

In one word the competition amongst buyers at the great primary markets Chicago, Kansas City, St. Louis, Minneapolis, keeps up the price to the producer, and is the great force always at work, which assures to him the utmost value of his labours, which price naturally is regulated from season to season as there may be abundance or scarcity.

This is a condition of things in strong contrast to the substantial monopolization that exists in Argentina, the deliberate destruction of competition, and the consequent control of the Country's products by a small clique who have reaped enormous profits, and which they will continue to greatly increase.

The history of the Agricultural development of the United States is an everlasting monument for all time to the consummate skill with which the great difficulties were surmounted and the ability of the American people to apply the principles of equity to the administration of her vast products.



The visible supplies stored in the enormous warehouses at the principal terminals of her grain fields are duly registered and watched by hungry Europe. Chicago, St. Louis and Minneapolis have a combined storage capacity of about three million tons.

There are unmistakable signs, however, that the United States with her rapidly increasing population, will not be able to spare even the 25 per cent. of her wheat and 5 per cent. of her maize, which is her average contribution to the world's consuming markets, and it is not too much to say that in the very near future she must cease to be an exporter.

This is a very important fact to be considered, as not only the increasing population of the world, but also civilisation, means increased demands for breadstuffs.

The trade in flour between the United States and the Orient has been a striking feature of late years, and now the actual building of flour mills in Japan and China is very significant.

In parts of Europe wheat flour is taking the place of rye and in India the increased consumption is marked.

There are no signs of a plethora in Food-stuffs, but on the other hand every encouragement is held out to Argentina for the cultivation of her virgin lands; it is a debt to Nature which she must acquit to the full to meet the world's demands.

At the same time she must not fail in common justice to defend the producer and the products by the equipment of storage facilities for that mobilization of stocks, and the institution of uniformity in commercial customs, and generally to encourage the adoption of recognised principles and methods which are indispensable to the economical development of a country.

From the storage point of view, the cost of the remedy is insignificant in comparison to its colossal importance.

It can be taken as a basis that one million pounds sterling will provide permanent storage for one million tons of cereals, and it is to be hoped that the day is not far distant when the call to arms will be made to find the sinews of war to defend the Crop for the public welfare in the promotion of Public Storage Companies, under economical administration obtaining adequate return over expenditure to provide for their effective maintenance and operation, and to attract capital for continuance and extension.

When that day comes, as it must, Argentina may then justly lay claim to the proud title "The World's Granary."



## OUR REAL WEALTH.

\$1,500,000,000 *Less Than Need Have Been.*

I think that few will dispute the accuracy of my prognostications made in 1914, that is, that we would lose or rather fail to profit by the war to the extent of \$500,000,000 annually in the event of our being favoured with good harvests: three years and a half of war, of good crops, of unparalleled opportunity for making money, a true occasion for "hacer la America" not alone for the immigrant but for the whole country, and whatever we have gained by what has been done, we have let slip the opportunity for making twice as much; instead of an increase of some 500 millions yearly in our national wealth, we could have doubled it, and still lent our clients twice the sum we have given them in credits.

However, it is useless to be concerned with what we might have gained; it is only worth while recalling, as it serves as a lesson for the future and pushes us on to resolve the difficulties of the present.

Let us return to the present situation and its problems.

1,000,000,000 PESOS IN CEREALS.

### *Can We Realise on Them.*

At the present moment we have enormous stocks of cereals in the country, the sale of which has become problematical.

How are we to dispose of these millions of tons of wheat, maize, oats, linseed and if we cannot dispose of them at once, what are we going to do; allow them to rot and lose all the vast amount of labour and capital invested in their production, and at the same time ruin half our agriculturists.

The same question was presented last year for the consideration of a commission specially appointed by the Government to examine into the sale and disposal of our vast stocks of cereals.

After studying the question for some time the Commission issued their report which, whilst demonstrating the close application and the best of attention on the part of the gentlemen who occupied themselves with the problem, nevertheless was most desultory reading; it provided no permanent solution for the question, offered no explanations as to the probable causes, and much less tendered any practical advice as what might be done.

The commission contented itself with remarking that as far as wheat was concerned the world's production

had been enormous, according to statistics the greatest on record, and the natural results were that prices were low on the consuming markets and demand scarce.

(I may here remark that the U.S.A. promises this year to double her previous record, which figures were cited and taken into account by the commission.)

Beyond this the report did not go: apparently the situation was accepted as beyond remedy. It offered nothing but good advice for the future, and with this contented itself after citing the effects of rates of freights on wheat generally. With a pious hope that all would be well in the future it passed on to declare that the disposal of the maize was really hopeless, if the sale could not be made of it abroad, since its use either for manufacturing purposes or for home consumption was out of the question.

I append the part referring to freights.

“Our geographical situation is such that North America, favoured by freights, can compete more favourably than we can on the consuming markets, to the general prejudice of our products. This is evident; for example, if the price of North American wheat is \$10 m|n. per 100 kilos, on board,—by no means an unsatisfactory price for the producer there,—and the cost of freight is \$2.50 m|n. to Europe, this wheat can be sold on the markets at \$12.50 m|n.

“In the meanwhile, although the freights from Buenos Aires to Europe which were £8 per ton have come down nearly 35 per cent., nevertheless they are quoted to-day at 110 shillings per ton, or approximately \$5.80 per 100 kilos (this rate is by no means stable, on the contrary, is liable to serious fluctuations); at this time there remains but a margin of \$6.50 to \$7, for our growers, who with this have to compete with the North Americans, calculating the same prices for both wheat on the consuming markets. Under such circumstances the grave depression in price is explicable, but given the fact that there only remains some 1,500,000 tons in stock, which is not so much, this will gradually be absorbed without very grave losses.”

Unhappily the optimism of the commission has not proved so well founded as we all could have hoped.

## THE NEED OF GRANARIES OR ELEVATORS.

Regarding the situation of the maize market the commission, after remarking that the same factors, freights, foreign competition, etc., played a similar role here, went

on to declare that the situation was still further complicated by the anomaly of relatively short supplies, and of excellent quality, against low prices and restricted demand, especially from the consuming countries, which meant limited exportation. There appeared to be a strange deficiency of official information over the demand and supplies of our consuming clients, but it is well known that we are overproducing, and it is an imperative necessity to stimulate the formation of granaries, either through co-operative action on the part of the farmers interested, or the construction of such by syndicates, so as to be able to institute the Warrant effectively. Over the disposal of the stock of maize of the past harvest the commission found no other solution than to propose the State undertaking its sale, acting in the capacity of "consignatarios."

Needless to say the proposal was not found practical for the simple reason, as the commission itself admitted, that there were no real buyers for maize, on the home market, where it had no "salida", all who bought were speculators, and these naturally bought at speculating prices, if at all.

The commission suggested that were sufficient deposits "officialised" the colonists might solicit advances on their cereals, but this unfortunately too, was found impractical through the absence of adequate places to deposit the cereals.

From the whole report which was signed by several of the leading financial and commercial men of the city there is nothing to be obtained but the recommendation of the immediate construction of Granaries, in order to facilitate the emission of warrants.

That was the last attempt on the part of the authorities, to solve the problem.

### THE USES OF MAIZE IN THE U. S. A.

Consumption.	Tons.
Human . . . . .	2,300,000
On Farms	
Feed for mules and horses . . . . .	18,500,000
"  pigs . . . . .	18,400,000
"  cattle . . . . .	6,500,000
"  milch cows . . . . .	5,900,000
"  sheep . . . . .	1,500,000
"  poultry . . . . .	2,500,000
Other uses . . . . .	1,100,000
<b>Total . . . . .</b>	<b>57,300,000</b>

Industrial	
Flour . . . . .	6,200,000
Glucose and starch . . . . .	1,000,000
Distilleries . . . . .	500,000
As malt . . . . .	400,000
Fodder in cities . . . . .	3,000,000
Exportation . . . . .	1,100,000
Other uses . . . . .	700,000
	<hr/>
Total . . . . .	12,900,000
	<hr/>
Grand total . . . . .	70,200,000

which is the average annual crop.

### THE STATE AS UNIVERSAL CONSIGNEE.

In regard to the proposal of the Commission that the State should undertake the task of receiving and disposing of the cereals which the farmer himself was unable to dispose of remuneratively, it was undoubtedly based on the reports of the success of a similar plan in Canada.

But it was overlooked that the success of the experiment there lay not in disposing of the crop at home—but abroad. In order to sell the crop the State must possess certain business conditions, quite apart from the fact that able negotiators must push the sale of the crop before even the beginning of the harvesting; there must exist all the customary trade facilities, and more besides, if the undertaking is of the nature of salvaging the country's products from disaster.

Chief among the measures essential to success to a plan of vast undertaking are those concerned with the financing, the transport, and the delivery of the goods.

### STATE INTERVENTION IN THE SALE OF OUR HARVEST.

If we were to believe the commission in 1917 the most practical way of disposing of our crop unsold that year was to confide in State intervention once more.

As was pointed out at the time the project of the State undertaking, the sale of the crops at home was impossible, but equally if not more so, was it to attempt the sale direct abroad.

There existed neither the necessary facilities nor the essential experienced body of co-adjutors.

This was the opinion of the Government. Another plan was adopted.

Sale direct by the State to the consumer was abandoned as impractical, most wisely.

The limits of intervention were reduced to attempting the negotiation of our crop through the aid of State credit or finance, that is offering to sell our crop on long terms of payment, provided a reasonable price was paid in return.

### THE FIXING OF A MINIMUM PRICE.

Whatever were the effects sought by adopting this modus operandi for the disposal of the crop, they have not proved permanently beneficial, nor have the benefits been equally distributed, for despite the fixing of an adequate return for our wheat, of the minimum price at which it should be acquired by those enjoying the benefits of our credit, nothing was done to enforce the payment of the said minimum to the farmer. The measure directly benefitted the grain merchants and the exporters, as was predicted at the time, and it only indirectly proved of real effective benefit to the farmer.

As I maintained *vide* "The Standard" at the time, the moment the laws of supply and demand no longer made it remunerative for all Allies to pay slightly more for the crop which the difference between buying on credit and against cash represented, they would not be able to buy, that is, if the rest of the world was offering wheat at cheaper prices than the minimum fixed, it would be impossible to maintain the difference even if we offered ten years credit instead of ten months.

That no such measure as a minimum price, without the necessary storage places to back the market up, could be maintained, and that as far as the disposal of the superfluous crop was concerned we were only selling it to our disadvantage instead of keeping it until prices mended, and only a terribly bad year in other countries could save us, and if the rest of the world was favoured with a good crop the disposal of our coming crop would be impossible at any price.

We would have to keep it, and without places to keep it, the State was deliberately running the risk of nullifying her own good intentions by fixing a minimum price: it was better to place a bounty on export of our cereals, and get rid of them at any price.

These prognostications have proved only too well founded.

We have then the prospects of not being able to dispose of the millions of tons of cereals, and I maintain that we will not be able to sell them at all, if the war conditions continue, or unless disaster overtakes the rest of our competitors; that the Government, far from being

able to maintain the minimum price, will be obliged to allow the exportation of our crops at any price, that possibly the only remedy for the moment is to offer our crops at whatever we can get for them, even if we have to pay a bounty. The State will lose a few millions but the country will be free of the bugbear of unsold harvests.

There are no measures possible, at present, to maintain the prices. The attempt has been made by dozens of States before in the course of ages, unsuccessfully. It is better to cut our loss and have done with it.

But it will be argued that such a course is impossible, its effects will be disastrous, and it will lead to a general decay in our agriculture.

One year of relatively low prices will not ruin our agriculture, but unless measures are taken several years of such will undeniably do so.

We have had several years of agricultural difficulties and a number of attempts at remedying them. Things have always remedied themselves, that is, disastrous crops in the rest of the world have always been our salvation.

Can we go on affording to trust to this to get us over our difficulties? What are our difficulties? Are they not eternally the same thing? If we look back over the records of years we see that they are.

Having reviewed the past and the difficulties which have beset agriculture for the last ten years at least, and the calculated advantages which were to result from adopting other methods, before preceeding to study the elevator question in the development of the United States, let us enumerate the chief complaints of our farmers and dealers to-day.

The complaints from the farmers are:

1. High prices of Sacks.
2. Low price of cereals in the camp.
3. High cost of living and labour.
4. Lack of confidence in the future.

The complaints of the "acopiadores" are:

1. That there is no outlet.
2. That labour is dear, and handling more expensive than ever.
3. That the cereals are not dispatched rapidly at the ports and by railways; also freights both by land and sea are high.
4. That the wastage from delays and the losses from "merma" reduce the value of the cereals, and when they

have them cleaned and ready to load, at the "tipo de exportacion" they have lost a third.

5. That as matters stand they can't pay more or get more unless they speculate.

If we analyse these observations, then the logical conclusions are:

Suppression of sacks, Mechanical handling, Improved transport with better loading facilities, Cleaning of cereals, and Warrants.

This will solve most of these complaints, and since the high cost of living is a corollary of poor gains, with the improved price this will be less felt both by farmer and farmhand; the latter in increased wages made possible by better profits.

All this is what was promised in 1912 by the projected "Ley de Graneros" of the Minister of Public Works Dr. E. Ramos Mexia, and again in 1915 by the Minister of Agriculture Dr. Calderon, by the projected construction of State Elevators and Granaries.

And finally: we must not forget the gist of the report of the Commission appointed by the present Government to enquire into the problem of our depreciated cereals:

## GRANARIES AND ELEVATORS

There is no reasonable explanation then why Elevators were not chosen to play a part in the solving of our difficulties, since it is admitted that they offer a suitable solution and it was announced that the aims of the Government were directed towards solving the same problems to-day which afflicted agriculture in the past.

However, there is some excuse in the fact that Elevators could not be evolved by a stroke of the pen.

In a plethora of projects for remedying agricultural industry in the Republic and discussion extending over many years we have seen then only one serious attempt to do something practical, that attempted by the present Government i. e. the negotiation of the crop on credit and the fixing of the minimum price.

These measure have not attained the success expected from them, not because they are intrinsically unsound or utopian, but because they are incidental measures: alone they cannot realise the aim of putting our house in order. If they were projected as part and parcel of a general plan then they needed the fundamental basis to give them their utility and scope, and without which, as we see, they are useless.



Had the Government combined them with efficient Grain Granaries they would have proved their utility, but unfortunately the grain deposits were to be any shed or place that happened to be standing idle, thus impeded the issue of Warrants and depriving the farmer of the sole means of enjoying the benefits which the measures promised.

In the failure to appreciate the need of sound storage and to provide for such, with its consequent emission of warrants, lay the whole error; the absence of Elevators with Grain Granaries alone impede the measures attaining their promised success and there still remains to complete the work of regenerating our agricultural life.

### OUR ACTUAL STORAGE CAPACITY.

Estimated Storage capacity, according to official figures, including every sort of warehouse, port (aduana) buildings and cellars, sheds, deposits, along railway lines, etc..... 6,000,000 tons or 60 per cent, of crop.

1165 sheds at Stations, capacity total approximately 5,000,000 tons, Private storage, 250,000 tons, Port Storage 450,000 tons.

Elevators alone then will provide the necessary remedies for the evils which the farmer and the "Acopiador" both agree are afflicting their trade.

The farmer wants cheap sacks, the elevator promises to do away with them altogether.

The farmer wants better prices for his cereals, the elevator promises him this by giving his cereals a cleaning and a better aspect, so that the good does not fetch as little as the bad grain.

The farmer wants cheaper living, the elevator promises that with the money it will put in his pocket he won't need to worry about the cost of living or labour.

The farmer does not know what to do, the elevator promises him that he won't know what to do first, so profitable will it make his business.

The Grain buyer and "Acopiador" says the freights are high, the elevator with bulk handling will reduce the costs.

The Grain buyer says that labour is dear, the elevator with mechanical handling will reduce the cost of labour.

The Grain buyer says the cereals are delayed in dispatch, the elevator at the station and at the port will facilitate the loading, and where delays occur the safe storage of the cereals will avoid any losses.



The Grain buyer says that wastage is enormous and eats into the profits, the elevator will do away with all the wastage, "mermas", and permit him to buy the grain from the farmer at "tipo de exportación" so that there will no longer be need to buy a "pig in a poke".

The Grain buyers say that they cannot pay more now as matters stand; the elevators by regulating matters will permit them to pay considerably more, and still they won't be any more out of pocket than they are now.

But have Elevators achieved this elsewhere.

### THE RAPID RISE OF THE UNITED STATES.

The unexampled prosperity which has attended the world's efforts generally during the last fifty years is clearly evident everywhere, and there is scarcely a country under the sun which has not vaunted itself over its progress in some sphere or the other of human activities, but few countries can pretend to equal the United States. Most remarkable of all, the greatest progress of the North Americans has been achieved in that branch of human industry in which the Old World has had the greatest experience, to wit, farming.

This has drawn universal attention and has been the occasion for much heartburning among European farmers, especially where the resulting competition has been most felt, and in order to explain the phenomenal success of North Americans, many explanations have been given, the most universally accepted of which are, the reputed fertility of her soil, favourable climatic conditions; her generally natural advantages.

These are the accepted reason for the same phenomenon here in the Argentine Republic.

Those who have studied the ground, however, are far from conceding such simple statements as fundamental reasons, for whatever truth there is in these vague assertions they are not the basis of North American farm prosperity even though they be for some countries such as Argentina. At the beginning of the era of farming and agricultural development, such as the United States initiated, they certainly did not contribute more than the necessary preliminaries, nor were such natural advantages so apparent to those enjoying them, and against the theory of unparalleled fertility of the soil we have the fact that Europe still holds the record for production per hectare. (\*)

(\*) Lowest nett. Average return per hectare in Quintales (100 lbs.) over period of five years, in series of four consecutive periods.

Belgium, 26; England 19; Canada 13; United States 11; Australia 9; Spain 8; Argentina 7).

Regarding the reputed favourable climatic conditions we have the undisputed fact that statistics register greater variations of temperature in the United States than anywhere else in the world; droughts, cyclones, storms, snows, etc., such, at any rate, as are unrecorded in this land.

If in "natural advantages" are included the facility of disposing rapidly and cheaply of the products of the land, then as I have remarked previously, in the case of the U. States these were none too evident, for nowhere in the world was such a small farming population spread over such a vast tract of land. The early farmers were without modern means of transport, and without a single consumer in the vicinity. Yet in these immense prairies the first steps were made towards unlimited production for universal consumption.

In overcoming the natural disadvantages, the American farmers have proved their vast superiority. These tremendous difficulties had to be overcome, and they were admirably surmounted.

I will not dwell on the remarkable inventive capacity of the North American, who produced the useful and labour saving devices which, now universal, had their conception and origin in the abnormal difficulties of the United States grain situation. To overcome these difficulties, the reapers, self binders, etc., etc., were invented.

In comparison to the United States and Canada, wheat growers in the rest of the world, whether Australia, New Zealand, India, or Russia, had relatively few difficulties to overcome, and Argentina had fewer difficulties to surmount than any.

What then has permitted the North American farmer to attain such prosperity, to increase his production from 100 million bushels of wheat in 1850 to 900 million in 1914, to cultivate maize to the extent of 3,000 million bushels in 1914 against 590 million bushels in 1850, without affecting the markets, without ruining himself by over production (such as we are assured will be the results here though we have hardly attained the same place as the North American half a century ago).

## THE REGULARISING OF THE SUPPLY ACCORDING TO THE DEMAND.

If we are to credit North American rural apologists

one of the fundamental bases of North American rural prosperity has been the arranging of the supply to fit more or less the demand.

It is impossible to arrange beforehand what the harvest is to be, and what prices shall rule for the coming year, this depends too much on influence beyond the control of man, but it is possible to fix more or less so that what is harvested is disposed of according to the demand of the consumers, and at the prices they are willing to pay.

The American farmer, launched on a plan of enormous production far in excess of local needs, was obliged to sell the large quantities he produced at whatever they could fetch: since the market price is governed by the quantity of surplus, that is to say by the quantity remaining over and above that required by the clients for immediate consumption. The more he produced the greater was the reduction in the price of his wares.

The cereal export trade established itself automatically as a safety valve for the surplus production, but although the question of disposing of his cereals was apparently solved, not so the question of remunerative prices for the grower.

## PRICE MORE IMPORTANT THAN PRODUCTION.

It did not take the average farmer long to discover that the question of price was actually more important than that of production.

Undeniably he could influence prices by limiting his sowings, but this was a heroic measure, and unless all united to do the same (of doubtful benefit individually) there remained the problem of what to do with the land he had bought or rented, with the machinery he had accumulated, with his own energies and those of his men. The limiting of his labour was in truth no solution, for unless he knew beforehand what sort of weather he was going to have, it might very well occur that his harvest would be low in a year of high prices.

The fact that normally only three out of five years are really good from the farmer's standpoint, with one indifferent and the fifth bad, prevents the farmer regulating beforehand the amount of his production.

The resolution then lay with the method of selling the production. If he produced much the prices were low, if he produced little the prices were high, but as he could not arrange the question of little production there remained only that of arranging the methods of marketing the big production.

He saw that no matter how much he produced there were always buyers, perhaps at ridiculous prices it is true, and if there were buyers for all his produce it was because there were consumers somewhere or the other in the world.

Those who did buy were the speculators. These, by buying cheaply, and arranging the market to suit the demand, by not offering the goods till they were asked for, by storing them when there was no demand and placing them little by little, actually made double the profit of the farmer, who took all the trouble and risk of producing the grain.

The farmer, on the contrary, no sooner had harvested his crop than he rushed it off to market, and since everyone harvested at more or less the same time, at the same period every year the market was flooded with supplies with a consequent reduction in the demand and as a natural consequence, a lower price than he had been led to expect.

The question of storing his produce then became imperative, especially in years of abundance, which are the years of little remuneration to the farmer.

But it was discovered that mere storing did not solve the problem; on the contrary it brought with it tremendous difficulties.

At first, efforts by the farmers towards holding back the cereals for better prices were not attended with success.

It did not take long to reveal that storing had its secrets; first the question of sound storing, then that of remunerative storing, (of the profit at the end being worth the trouble) and again that of the financial side,— of the huge sums in values locked up thereby and of the debts and credits it involved for the farmers and the grain trade generally.

### STORING BY THE FARMERS.

Experience revealed that storing in sacks was impossible; the money represented by the cost of thousands of sacks lying idle was too serious a complication to add to that represented already by the grain itself. Then the damages effected by insects, rats, etc., in the sheds, had to be taken into consideration, and the difficulties of keeping the grain sound and uninfluenced by damp or rot, even where well built sheds were provided on the farms, were some of the primary difficulties which made private storing impossible, or rather unprofitable.

The losses from these sources were sufficient to draw the attention of all the farmers to the fact that by hold-

ing back the grain themselves they were unable to prevent themselves being exploited by the grain speculators.

### CO-OPERATIVE STORAGE.

The American had already discovered the utility of handling his grain in bulk. To the elevators, by which his grain was loaded into wagons and steamers, storage places or bins were added in which the grain could be stored in bulk pending disposal. This solved the problem of sound storage.

But previously it was necessary to distinguish between the products of one farmer from the other, the good from the bad quality, the hard wheat from the soft, etc.; this was accomplished by establishing a common type or grade, and by previously examining the grain to fix whether it exceeded or fell short of the standard. This solved the question of relative values.

The problems of storage were definitively solved but there remained those of rendering it profitable in the long run; the financial part required study.

### FINANCIAL QUESTIONS.

It was evident that the majority of farmers could only afford to hold up or store a small part of their produce; it represented too much capital lying idle, capital which they needed for their business. The development of credits or advances on the storage receipts, or warrants, solved this aspect of the problem.

With these advantages, combined with the elevators and grain granaries, the problem of remuneratively regulating the supply in accordance with the demand was satisfactorily solved. The prosperity of the farmer was given a scientific basis.

### STORAGE.

Storage, combined with warrants and warrant credits, through the use of Elevators with grain granaries, permitted extensive development: firstly, by itself it assured the farmer of the sale and distribution of his produce, no matter whether he overproduced one year or not, it established trade and transport in cereals universally; secondly, with the warrant it created for the farmer a financial combination second to none in financial security.

The cause of this wonderful advance is not to be found in the great natural advantages of the country, for natural resources, however grand, do not exploit themselves, but are exploited by men.

The advance of the U.S.A., agriculturally, is not so much due, then, to the superiority of the natural resources as to the superiority of methods.

In the two following chapters I have gone more extensively into these two aspects of the question with their immediate results to the country.



# CHAPTER II.

TRADE

and

TRANSPORT IN CEREALS.



SHIPS



RAILWAYS



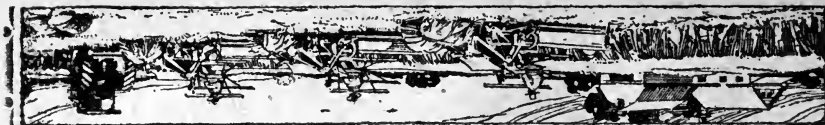
ROADS



SACKS







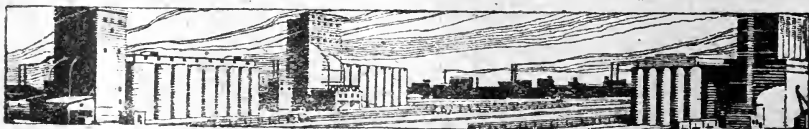
## THE GRAIN ELEVATOR

It is not beautiful, it bulks forth huge  
A storehouse wrought of concrete and of steel  
Resorting to no cunning subterfuge  
To hide its simple purpose, or conceal  
Its plain utility. And yet it shows—  
To eyes that see beyond the outward shell—  
Beauty of Service; and its walls enclose  
Bounty that feeds the world wherein we dwell.

This edifice supplies a vital part  
Of that immense industrial machine  
By which we serve the cause we have at heart—  
This war for everything that's fine and clean.  
It stores the harvest of the generous soil  
Against the need of men, and in good time  
Pours forth the food for those who work or toil  
In true devotion to a task sublime.

And thus this structure, ugly to the gaze  
Has beauty of the stalwart, rugged kind  
Which wraps the labourer who goes his ways  
Doing his duty on the work designed.  
It stands forth grim and mighty as a rock—  
Fit for the service it was fashioned for,  
Its ramparts proof against the battle shock,  
A fortress on the food line of the war!

*Berton Braley.*





## CHAPTER II.

### TRANSPORT AND TRADE IN CEREALS.

The whole history of the cereal trade is bound up in that of transport; the existence, in the modern sense, of a cereal trade is dependent on the existence of transportation, in which the sea plays as great a part as land; shipping and railways are intricately mingled.

Without efficient and cheap transport the growing of articles of food distant from the centres of consumption is a commercial impossibility; from time immemorial trade in cereals has existed precisely because among the chief articles of human diet wheat was one of the easiest handled and least difficult to transport.

For countries cultivating cereals far in excess of the amount needed for their own consumption, such as Russia, Roumania, Argentina, Australia, India, Canada, U. S. A., etc., and which rely on being able to export their super-production, the question of efficient and cheap transport is one of life or death for the prosperity of the greater part of their inhabitants. More than ever is this the case in Argentina and Australia, the two most distant countries cultivating cereals for export to Europe, (the chief centre of consumption). The profitable utilisation of their land depends on the cost of transportation.

### TRANSPORT AND PRICES.

All that concerns transport, its efficiency, cheapness, and the methods whereby cost can be reduced, are of the greatest interest to farmers of this land, and in fact to every one of its inhabitants.

The prices which our farmers receive for their products are governed extensively by those ruling for transport, as much by land as by water. When these are high the nett remuneration to the grower is less, where rates of freight are low, unlimited prospects are opened for extending trade at a profit to the producer and to the consumer.

Prices are governed by the actual sums obtained in the centres of consumption, where wheat, for example, from far and near, finds a common level of value. On

these prices, minus the cost of freight, the exporter depends for calculating the price he can offer to the producers, and the growers in turn calculate the current value of the commodity they have for sale on the same system.

On the rise and fall of freights often depends the gain of one and the profit or loss of the other.

No matter how high the prices on the consuming market may be, if the cost of freight and transport are high, the farmer is not benefited; he must content himself with little for his grain, despite what it fetches in Europe or elsewhere. This has been demonstrated again and again during the last few years while the conflict raged in Europe. Despite the extraordinary sums paid for foodstuffs in the Old World, our farmers have benefited comparatively little by the increased value of their products; practically all has been swallowed by the heavy cost of transport.

Heavy charges for transport act doubly unfavourably, they increase the cost of production and decrease the selling price; they tend to limit production and reduce consumption.

Deficiencies in transport have exercised a considerable influence on all things agricultural during the last five years, and probably one of the most urgent problems of the day for the farmer is embodied in the resumption of normality in transportation.

Previous to exporting, the cost of transport requires careful calculation on the part of the shipper; to the actual cost of the article, there must be added the charges by rail to the nearest port, those for expenses of loading, storage, handling, etc., then those for ocean freight, the harbour dues, insurance, etc., and possibly the discharge and carting to the markets where finally disposed of. The longer the voyage the greater the difficulty of calculating freights. Where cereals must be handled many times, it increases the cost of transport; each successive handling raises the price to the consumer, or lowers it to the producer.

### HIGH FREIGHTS—LOW PROFITS.

That which assists in reducing any of these charges puts money into the pockets of the grain grower, and all that tends to increase them acts inversely to his interests and reduces his gains.

In the handling of her produce, the United States has shown remarkable tenacity in overcoming natural difficulties, and has established a record in demonstrat-

ing how apparently unsurmountable disadvantages may be overcome with the exercise of intelligent methods.

From the principal wheat growing centres of the U. S. A. of North America and Canada, to the sea board, cereal produce has to traverse half the continent. Economy in transport by rail and by boat, canal, lake, river, to the points of embarkation, where it is finally shipped to Europe has to be carefully studied. Even the most important centres of home consumption, (the chief seats of industry) are thousands of kilometres from the wheat growing region.

Compared to Argentina her obstacles are immense. North America has only one natural advantage in her grain business: this is that once on the sea board her cereals are within ten days of the European ports, but even this advantage is relative, for transport by steamer is one tenth in cost to that by rail, and North America has ten times the land distance to haul its products by rail before they reach the sea board, compared to the Argentine Republic.

#### OUR NATURAL ADVANTAGES.

The Argentine Republic, through the great natural advantage of the situation of her wheat fields, is able to convey her wheat by rail over short, easy stretches to ports for embarkation, all of which are within a relatively short distance from the zones of cultivation; the maximum haul rarely exceeds a hundred miles, and this too without a single natural obstacle to increase the cost of moving the cereals. This natural facility has been one of the most powerful stimulants to her rapid agricultural development.

Despite the favours which nature has showered on the country in regard to eliminating obstacles to easy transportation, to placing our wheat fields alongside the sea board, and to giving the country a lengthy river and sea coast to facilitate maritime carriage, Argentina is the country where grain growing is least profitable of all, and if we compare her to North America, absolutely behind and dependent on her less favoured sister in all that regards, prices, quantities, facilities, etc.

Undeniably the transport of the millions of tons of cereals which constitute the chief exports of the Argentine Republic, is nevertheless no easy problem, nor does the enumeration of natural advantages pre-suppose that the handling of our huge grain trade is just as easily resolved.

Cereals, which form the greatest of all foodstuffs, are the greatest in bulk of all articles of commerce.

Although grain is a universal commodity, and constitutes the staple cargoes for ships, it is the most difficult to handle of all commercial commodities; this is one of the primary reasons for studying and adopting every method which tends to eliminate the drawbacks to efficient handling.

Towards reducing cost of handling, many methods have been put into use, but none have equalled the good results, or attained such world wide acceptance as elevators.

### MARITIME TRANSPORT AND ELEVATORS.

Primarily evolved some fifty years ago as a rapid and economical means of loading cereals into ships. Elevators as the name implies,—sheds or silos for elevating or raising grain so as to make loading easy, became rapidly an essential complement in all ports where cereals are embarked.

At the time our docks and ports were established the incalculable advantages to be derived from the substitution of machinery for human labour was already universally recognised and taken advantage of by the introduction of all mechanical devices in the saving of labour, and materials, and consequently time and expense.

In this respect Argentina with her modern spacious quays differs from Europe where from the first establishment of docks to the present time, most of them have gradually been enlarged and improved by a succession of expedients and makeshifts which have to answer the purposes of the moment.

Argentine ports as planned by their promoters were to possess all the conveniences and advantages which are obtained if systematically laid out on a consistent and uniform plan, coupled with the use of all modern labour saving devices.

Among the measures whereby much of this was to be attained, elevators undoubtedly figured; for the loading of cereals, various concessions have been accorded for the construction of sheds or silos for elevating grain, and elevators are to be found in all our leading ports, Buenos Aires has two, La Plata one, Bahia Blanca two, San Nicolas one, Rosario two.

The primary step to cheap transport is the conveying of grain in bulk, and this has long been practised; loading grain loose in ships permits the holds being

filled to their utmost capacity, and with considerable facility. By elevating grain, passing it through the elevator, which raises it to a certain height, and then shooting it down a tube into the ship's holds, a vessel can take a cargo aboard in a few hours, for which operation days were necessary when grain was loaded in sacks by hand.

In a like manner on arriving at its destination, by the aid of a suction tube the grain can be transferred from the ship's holds to the receiving elevator, and the boat's cargo discharged with great rapidity.

In our own country the great services that elevators lend has been recognised and more elevators are being constructed.

The only cases of rapid loading ever recorded in this country have been effected by elevators; throughout the years of port congestion the only bright spot of all the records of endless difficulties and mismanagement on the part of the port authorities were the record loadings of grain accomplished at the foot of the elevators; the owners of which alone were able to claim and receive despatch money.

Had it not been for the elevators at the ports, probably not one third of the vessels would have been sent here during the crisis of ships following on the war, nor would the belligerent parties have found it worth while to load grain from this country had such obsolete methods prevailed in our ports as they do elsewhere in the land for the handling of cereals. Due to the facilities provided by the elevators the charterers were able to comply with the demands of the Allied Governments' shipping boards for rapid despatch, the "sine qua non" of shipping contracts.

With the help of the elevators of the Pacific Railway Company at Bahia Blanca no less than 20,000 tons of grain were loaded within twenty four hours on one occasion last year.

What could have been achieved in the way of successful grain handling had all the proper facilities existed, would startle our sedentary governors, and there is no doubt that the famous record of the United States would have had a worthy second in the Argentine Republic; instead of this we have had nothing to record but one long series of ever augmenting difficulties.

The economy of time effected by the few elevators existing in the Argentine Republic has nevertheless placed thousands if not millions of pesos in the pockets of the exporters who own or run the elevators, and permitted trade in the country for hundreds of millions of pesos.

With this record of handsome services, it is really incomprehensible that no efforts should be made to extend elevators, for there is no reason why this economy in handling our grain should be reserved for the ports alone. If elevators have proved of inestimable service in the last stages of the grain in shipping away our surplus production, there is every cause to suppose that at least like services might be rendered in moving our crop, from the first stage of its production.

### LABOUR SAVING DEVICES AND STRIKES.

This country must learn to handle grain by machinery instead of manual labour, just as it is transported by machinery in place of on the backs of animals, or mankind; the elevator means nothing less than a gradual substitution of machinery for manual labour, and the history of such substitution during the past century has made this replacing of manual labour a recognised necessity among enlightened people.

The ever increasing cost of manual labour, the inability of the folk of the present epoch to exist on the small remuneration which manual labour is accorded, the endless repetition of strikes, and the general unrest among workers because of the insignificance of their earnings, compared with the cost of their sustenance, will oblige the adoption of all mechanical means or labour saving devices. In no part of the country has the unrest been more manifest than among manual labourers, for whom there can be no question of adequate remuneration for the labour, without unduly increasing the cost of production and so, in the fields of trade rivalry, reducing the possibilities of successful competition from this country.

Practically without exception, throughout the whole Republic, the use of labour saving devices is common to every branch of industry, and any attempt to propose their limitation would be regarded as downright folly, and deliberate ruin of the industry; on the contrary every new effort recorded of the introduction of some more successful device is hailed with satisfaction and its adoption heartily recommended, but curiously when we come to such a practical device as elevators we see quite another policy followed.

Machinery is of common use in every line of industry here; our ports are fitted with the most modern of transporting means; our railways employ many labour saving devices, but with the exception of elevators for loading grain at the ports, machinery has been kept out

of the rest of the system of transport, and handling of cereals; the parties, the grain speculators, interested in grain elevators not being extended throughout the country, avail themselves nevertheless of the most modern and best machinery in the operation of their own plants, or of those which they rent for the needs of their business.

At the present time the whole task of preparing the grain for shipment, the cleaning, drying, grading is performed, if at all, by the elevators at the ports, which alone in all the Republic are fitted out with proper machinery for such work.

### MODERN ACCOMMODATION FOR CEREAL SHIPMENTS.

A great part of this labour would be accomplished by the local elevators and therefore the real labour of the port or transporting elevators would be to see that rapid and economical methods were introduced for the handling of the grain on shipment. Despite the efficiency of the elevators in existence to-day in our ports, one has only to compare them with the magnificent installations made in the United States or Canada to understand how deplorably behindhand we are even at our best.

To cite one port alone, that of Montreal, where there is accommodation for berthing twenty ocean-going ships at the same time, the elevators there are capable of discharging the railway wagons (60 ton American wagons) at the rate of one a minute, and reloading the grain into the ships for transport abroad at the rate of six thousand tons an hour. This means to say that the whole crop of the Argentine Republic could be handled by this one group of elevators, and sent abroad in less than a month.

The present deposits of the port of Montreal for grain exceed in capacity 200,000 tons or one twentieth of the total crop of this country and they are being extended: a few hundred miles away at Fort William and at Tiffin, the head lines of the Grand Trunk Pacific Railway, there are erected and under construction elevators to hold over one million tons, or one fourth of our crop annually. Canadian ports alone can handle and store the whole of the Argentine crop. In Chicago and Duluth there are elevators sufficient to hold the harvest of the Argentine Republic for five years. The group of grain deposits owned by the North Western Railway has a capacity exceeding three hundred thousand tons; slightly



less in capacity is that of the Atchison Topeka and Santa Fe Railway, to enumerate only one or two of the innumerable series of elevators with which this wheat zone of North America is provided.

In the Argentine Republic the elevators owned by the Central Argentine Railway in Buenos Aires have a capacity of approximately 50,000 tons, but only half of this quantity can be stored in the silos, that is to say, in bulk. The remainder must remain piled in sacks. The elevators owned by the Southern and Pacific Railways at Bahia Blanca are of half the capacity, respectively; those at the other ports of shipment are still smaller.

Compared to other countries Argentina can be said to have no elevators worth mentioning, yet, despite the miserable facilities existing, these nevertheless have proved of inestimable service to the country. What would have been attained with an efficient network of elevators I leave to imagination.

#### WHAT PROPER FACILITIES HAVE MEANT TO NORTH AMERICA.

By the limited facilities provided for rapid loading, the country has been able to take the best possible advantage of the few opportunities for disposing of its products more or less favourably. Circumstances, however, have not permitted our products to acquire that value which they are legitimately entitled to.

On the face of it, we have every reason to demand why we have failed where others have succeeded so handsomely.

Must we not attribute the extraordinary success of North America to her possession of adequate means for coping with any situation. Her deposit system and elevators for handling her cereals were not evolved during the war, and, as we see by the repeated acknowledgements of both Europeans and Americans in the handling of foodstuffs North Americans and Canadians have achieved the apparently impossible. The story of what foodstuffs have been cultivated during the last few years in these countries, over and above the customary, is only part of a long series of triumphant records of dealing in grain. There remains the still more important part to dwell on: that of placing the grain within the reach of the consumers, and how splendidly and economically it was accomplished and last but not least at what a reasonable price satisfactory to both parties, to the buyer and to the seller. Here, I venture to say a different tale



is to be told to that of the Argentine grower and seller, whom we see scarcely a whit better off for all his prodigious efforts, and those of his Government.

The farmers themselves in North America attribute their success to elevators and the facilities they offered; we may well believe them and take their word for it. If we have not achieved such enviable results it is our own fault, or rather that of those in authority when there came offers to provide the country with proper facilities and which, had they been put into execution at the time, would have left us in quite another situation. The responsibility must also lie with those who made it their interest to deter the railways from continuing to invest money in elevators; the few elevators which do exist owe their existence to railway enterprise.

Owing to the circumstances which attend railway enterprise, there is little prospect of any extension of loading facilities through elevators by the railway companies. Those that have been built of late have been chiefly private ventures by grain exporters. As the criterion by which business affairs are judged has changed in official circles, there remains only one line along which progress can be attained: that is directly under the aegis of the State. Unfortunately there is no great prospect of the State being able to undertake the construction of elevators in our ports although there are at times reports of such being contemplated by the authorities. The condition of State finances does not allow much room for premature rejoicing.

It seems more reasonable to suppose that the same method of procedure as practiced heretofore, that of granting adequate concessions to private enterprise, might achieve something, although there is no gainsaying the fact that if future progress in this sense is to be at the same rate as in the past then there is little hope indeed for the future. Immediate action is necessary, for only in the establishment of a complete network is any real and substantial result to be expected.

For this we must either call into activity some of the latent spirit of enterprise among the inhabitants of this country, or let the work be undertaken by foreigners. If this last course is the only feasible one, then, certainly it will be ridiculous to attempt to belabour foreign capital and to prevent those who have ventured their money from enjoying the legitimate gain thereof.

#### LOADING FACILITIES WHICH MUST BE PROVIDED.

We must, then, look forward to our loading facilities

being extended ere we can hope to attain any great and lasting prosperity for our cereal trade.

A country which depends on disposing of over three-fourths of its agricultural produce to foreign countries, situated at considerable distance, surely requires no great convincing of the need of adequate shipping facilities.

The patent absurdity of the methods in vogue for handling our goods must have been brought home to thousands of those who have visited the new *Balneario*. In the spaces of open ground between the docks and the river-side there may be seen immense piles of wheat stored in sacks, whose only protection is a tarpaulin in more or less deplorable state of wear. From many of the piles streams of loose wheat can be observed emerging from the broken sacks, whilst rats and mice abound. After every downpour of rain the atmosphere is heavy with the smell of fermenting grain, and occasionally shoots may be seen sprouting around the piles. The damage done by the insects, "gorgoja", etc. must be imagined. Reports from all over the country confirm the steady decrease in value of all the grain stored in sacks out in the open, and, too, of the greater part of that for which "tinglados", "chapas", and many other improvised storage means were provided. Again there has been demonstrated the truth of the oft repeated assertion, that as much harm is done by adopting half measures as by doing nothing, for as far as grain elevators for storage of grain are concerned improvised measures are of little avail. The intention of those proposing them may be excellent, but the results of their efforts are evidently far from what could be desired. It is true that grain elevators are nothing more than improved sheds, but then the properly constructed elevator does all that it promises, whereas all the variations of sheds put into use always fail to accomplish that which their users expect of them. A modern grain elevator performs a maximum amount of work at a minimum of cost. Under the present system of improvised storage, with the "tinglado", "lona", "chapas", etc: a minimum amount of result is secured at a maximum of cost.

Among the first steps towards obtaining the maximum of utility from our farmers' labours, the greatest gain to the producer, the reasonable profit to the middleman, and lowest charges to the customer, must be the adoption of economical methods in the handling and transporting of our farm produce, and pre-eminent among such methods stands the use of the elevator for grain.

What the exact losses have been, through the insignificance of the means for loading and discharging vessels, is hard to appreciate, but we may say that the country has failed to take advantage of an unparalleled opportunity for disposing of her produce at exceptionally profitable rates, owing largely to the absence of elevators, and that countries possessing them have benefitted to the extent of thousands of millions of pesos. Such benefits could reasonably have been expected in our case had elevators existed.

### SHIPPING DISABILITIES.

If we turn from the unnecessary losses, due partly to inability to load grain rapidly which has been at the root of our failure to take advantage of the war conditions, to the losses suffered even in normal times, we see that until reasonable efforts are made to put our business on sound lines we shall never have anything else but lost opportunities to record even in the most prosperous of years.

The inconvenience of not having adequate means for handling our crop at the ports has been experienced for years; it has been the source of innumerable complaints from shippers, railways, captains, owners, charterers, stevedores, grain merchants, etc.

The shippers, because they are never able to count on their disposing of the space they require at the date fixed, owing to the delays in loading, moving, hauling along the railways; the railways, because they never get their wagons cleared and returned to time; the captains, because they are ordered in and out of berths according to arrivals; the charterers, because they can never clear the ships to time, thus having demurrage to pay; the owners, because they can never count on the vessel on the date fixed; the stevedores, because they lose money by keeping their gangs standing about idle; the grain merchants, because delays coincide with eternal questions of extras and rebates to the prejudice of their calculations: all these reasonable complaints prevent sound business and turn everything into speculation.

None of these complaints are heard from other lands where proper means for handling cargoes exist. At the root of all our difficulties is the insufficiency of means for handling the goods we produce; made doubly conspicuous by the absurd custom of hurrying all our produce out of the country as soon as it is harvested.

This choking of all our outlets is only to be remedied by adopting rational methods: we must first regulate our

shipments; this must begin by avoiding congestion at our ports, first by holding back part of our produce, by shipping it according to the receptive powers of our customers and, secondly, by rapid and economical handling at the ports of shipment.

We must avoid the customary spectacle of our ports either filled with ships struggling to load the limited supplies to hand, or ports empty of ships, with our quay sides piled with grain rotting for want of means to get rid of it in time.

There is not the slightest reason for any disorganisation in the handling of our grain.

The greatest markets for imports vary little: consumption is now a fixed quantity, its maximum variations do not exceed 1 per cent. per annum.

We know exactly what our customers consume annually, we have only to ascertain what they themselves have produced for their own needs during the year, which statistics are compiled and published by their respective Governments, and then we can calculate what the full demand is likely to be. Our own department of statistics tells us what our chief competitors are doing, and what is expected of us.

### CONSUMPTION AND PRODUCTION.

Consumption does not vary: production alone varies.

The difference between the normal and abnormal, the favourable or unfavourable production of the home market should establish our line of conduct.

The amount to be consumed we know; the only problem lies in the selection of the favourable moment for placing our goods before our customers, that is to say for exporting our produce.

### WHEAT IS STORED WHERE GROWN.

Experience, from the last decade back towards the beginning of trade in cereals, shows that wheat is best stored where it is grown: the place of production is where storage is the cheapest and best. On the other hand, it is most costly to store it where it is consumed.

In England, there has been much agitation in favour of the construction of huge granaries in order to have a surplus to provide against the possible shortage of war, and against similar risks. This sort of agitation dates back to the days when cereals first began to be imported in large quantities into England, (vide the famous discussion in the House of Commons in the epoch of Canning

and his remarkable discourse thereon). It has never been possible to prove that the real practical results would compensate for the financial insecurity and commercial disadvantages which the storage of huge quantities of grain there would involve. It is admitted that the present manner of trading is most satisfactory: the merchant buys grain where most suitable to him and in the cheapest market ruling, he receives it at the most suitable moment, and disposes of it as consumption requires, at his best interests.

Foreign grown wheat owned by British merchants is always stored abroad; that purchased in Argentina by the British merchants finds its storage in the holds of the ships, which, as we see, have to replace storage places in the country itself: half our grain is loaded for orders, without definite destination. Thus the foreign grown wheat owned by British merchants is stored abroad in preference to finding a place in British warehouses. This has been one of the fundamental principles of trade, recognised first by the North Americans, and turned to such practical use in the erection of Elevators in the places of production.

Trade generally finds it more suitable to its interests, and less risky, to buy to cover needs than to buy large quantities and stock at home.

Regarding this question of the utility of home storage against the dangers of storage on the markets of consumption we have only to study the innumerable reports issued by the various commissions which have been appointed by the British Governments at different dates, all of which finally reported in favour of the matter being left to the producing nations and that the consuming nations (England, Scotland and Wales) should not compromise themselves to store excessive supplies against a rainy day: since actually there always existed a certain storage, that of the home farmers, the home millers, etc. It was also resolved that, in case of danger, it was more reasonable to rely on the efforts of the farmers and to reduce consumption for the moment.

The fundamental reasons against the establishing in England of national granaries where more grain than that required for immediate consumption should be stored, are too numerous to enumerate here, but it can be accepted as a fact that technical opinion is all in favour of the producing country erecting storage and thus be able to sell only as the demand arises.

With the aid of elevators, shipments are regulated: the grain is kept till our customers call for it, whereupon the ships are chartered, the goods loaded, and the article

placed before the client at the right moment. At the same time the price is fixed to the mutual convenience of both parties. The seller obtains an adequate remuneration for the trouble taken in disposing of the goods to the buyer's convenience, which means that the maximum price is paid the farmer for his labours, after deducting the cost of storage.

The advantage of supplying goods when they are demanded by the consumer, at the convenience of the buyer not at the will of the seller, is too evident to need emphasizing.

#### NEW HARVEST WHEAT PRICES v. OLD WHEAT.

What would be said if our bakers insisted on our taking in a year's supplies of bread at a time? No matter what reasons were urged for so doing not a single person would be disposed to listen to such a proposal, even if the articles offered were at an absurdly cheap price. The proposal would be scoffed at; yet this is precisely what we have been doing for years, with disastrous results to our pockets.

Through the absence of proper storage, our crop must be shipped away as soon as it is harvested, which means equal congestion and disorganisation for shipper and receiver.

Inasmuch as the European markets are not prepared to receive the avalanche of our crops, and we insist on selling them, the speculator is able to step in. The speculators themselves are interested in varying the arrivals on the markets to suit requirements and their own conveniences, and so we see the same curious spectacle repeated every year. First the crop is rushed away, which helps to keep down buying prices, then the ships are kept dawdling about en route to keep up prices on the foreign markets. Ships have to serve as storage places with a correspondingly higher charge for freights. The difference remarked between freights for Argentine ports and those ruling for other countries has always been a theme for discussion, but though bad weather (which impedes loading), or other delays, may keep a ship hanging about for weeks in foreign ports, heavily increasing her expenses in Argentine ports, there is invariable detention during the rush of shipments in mid-season. This, of course, must be made up in extra freight.

#### SHIPPING RATES PENALISED.

Shipowners are also aware that the non-existence of any place to keep the crop means that it must be dis-



patched as soon as sold, and manoeuvre accordingly so that freights shall be as high as possible at the moment of pressure. Charterers, too, have to calculate on the possibility of a bad season, and it may, and in fact generally happens, that despite the prognostications of cheap freights and unlimited shipping facilities, the country finds herself heavily penalised at the actual moment of shipment.

The experience of ship-owners with River Plate freights has made them chary of taking risks, except on favourable terms.

The exporters, also, endeavour to take advantage of the slight variations of the importing markets by timing the arrival of the cargoes; the trade is so managed that vessels laden with grain can stop en route for orders and are thus directed to where it is most advantageous to discharge.

Over fifty per cent. of the cargoes leave in ships without destination, that is to say for orders. Of course this in itself cannot be impeded, nor need it materially affect prices on the home market, if adequate facilities exist for handling and storing grain. But, under the present conditions it is a direct incentive to speculation.

It is an established fact that the group of grain buying houses which in normal times holds control of the market has it within its power, often enough, to make or break the charterer and ship owner; the tramp owner, especially, is often brought to despair and, naturally, these, when they have an opportunity, when their turn comes, use every chance they get to revenge themselves, and do it amply.

### TEN MILLION TONS PAY EXTRA CHARGES.

Compared with the rates ruling regularly on an average year in the international freight market, freights for the River Plate are customarily about 10 per cent. above what is charged for similar cargoes elsewhere. It may be calculated that at the best of times, when freights were very low and competition among shippers keen, at least one shilling per ton was always paid over and above the necessary. And our exports generally exceed ten million tons!

Although in abnormal times this additional and unnecessary charge does not greatly influence prices for the farmer, especially at present with the abnormal rates ruling,—freights have risen to thirty times normal,—even ten shillings per ton would seem to make no difference. Nevertheless when freights are normally 6/- per



ton, it contributes its part to deprive the farmer of a large sum annually on the several million tons of cereals he produces for exportation.

With the return of freights to customary figures the difference will again be perceptible: the cheaper the freight, the greater the loss. Let us glance at the statistics of the freights ruling normally.

### FREIGHTS.

From Russia to England . . . . .	2 -	per quarter.
„ Spain to England . . . . .	4 -	per quarter.
„ Antwerp to England . . . . .	1 -	per quarter.
„ Argentina to England . . . . .	20 -	per ton.
„ California to England . . . . .	65 -	per ton.

Our freights rise whenever our cereals begin to move.

The advance affects all branches of trade, and does not have the compensation of bringing down the cost of freight on goods loaded on the outward journey. Many vessels come out in ballast, and many are despatched from ports which have no trade with this country. The advance is curiously reflected equally on the outward as on the homeward journey, and extends more remarkably still over all shipping alike, even that independent of grain cargoes and not actively engaged along our trade routes. Our disorganised manner of doing our business affects half the globe, and upsets the freight market all over the world.

### SPECULATION FACILITATED.

From time immemorial, records of trade in grain show that the trade in cereals is liable to be affected more than any other by circumstances over which it has little control, (chiefly adverse weather conditions) and that it has always lent itself to speculation. Most of the measures conceived with the object of restraining speculation have failed in this object, though this has not prevented the recognition that certain measures are admirably adapted to minimise speculation. Among them storage has, for ages, been a panacea against unrestricted speculation which all nations have sought to suppress.

Our cereal business, based on unstable conditions to begin with, makes calculations more than ever difficult, and the hundred and one opportunities for gambling—market prices, freights, etc.—directly invite speculation, from which, needless to say, the farmer rarely benefits, any more than the carpenter who makes a roulette table benefits from the game.

It is quite common to hear of heavy losses sustained on our cereal markets. Unfortunately these are not always to be attributed to speculation, for many a legitimate grain dealer has had to buy at high prices to cover his freight engagements. At the same time any sympathy one might feel for the exporters generally is limited by the knowledge of the fat profits which usually accrue to them, despite the fact that they, we are always hearing, pay much above what circumstances entitle them to consider they ought to.

Another aspect of this absence of proper facilities for business, is evident in the complaints, repeated yearly, by the London Corn Trade Association over the presence of impurities in the cereals despatched abroad from this country. The complaints signal the presence of melilotus, sweet smelling clover, in the wheat and oats reaching the markets, which, impregnating the cereals with its strong odour, reduces their milling value to next to nothing.

Such complaints would never be heard if proper cleaning machinery was installed, and all our cereals properly treated before shipment.

Neither would we hear of the arrivals in Europe of putrid cargoes from the Argentina: nor of stupendous awards against shippers for faulty cargoes, awards which speak for themselves, since grain properly cleaned and dried does not putrify, nor would long voyages affect it.

Damaged cargoes also play their share in increasing costs; they help to raise the premiums for insurance.

These losses are incidentally charges on trade, they are taxes on the profits of the merchant, who in turn recuperates from the buyers or consumers by higher prices, or from the seller or producer by lower prices. In any case they are taxes which the adoption of scientific handling and modern methods can diminish.

Under the present circumstances each succeeding year sees our position less satisfactory, and this disorganisation must continue to grow as we attempt to increase our production. Before long there will be no question of any great extension of agriculture taking place; it will be impossible under the existing conditions. The effects are already noticeable in the reduced profits of cereal growing.

### IS TRADE DEVELOPMENT POSSIBLE?

Of all proposed measures for reforming our ways, elevators are the most pressing; to begin with they will permit this country to enjoy the same advantages as other

lands; when we are in a position to minimise our present day losses, to reduce wastage of time and money caused by our antiquated ways of doing business, we may reasonably proceed to extend our production with some hope of definite success.

In regard to the other measures which are said to facilitate our exports, a review of these, undertaken during the last five years by the authorities, does not lead to any great hope for the future, for one cannot look back on any one as having satisfactorily accomplished its purpose.

The persistent note which characterises all official measures is the failure to appreciate the true sources of our difficulties, and the genuine needs of our export trade.

We have ranged during the last few years from absolute prohibition to export to ample facilities for trading.

At a time that urgent measures appeared necessary to prevent the country being denuded of its wheat, a hurried decree was immediately issued prohibiting the export of this grain. Hardly had its effects been felt than it was necessary to rescind it. The only result of this legislation was to improve the position of our competitors: finally it led to certain classes of grain being imported by local millers for flour mixing purposes, which raised the outcry that we were actually importing wheat.

Later on, before steps were taken to insure the disposal of our produce, a campaign was instituted under Governmental auspices to increase our sowing, but until the actual moment for harvesting arrived all efforts to move the Government in the sense of securing adequate shipping accommodation for shipping our crop proved unavailing.

The obstacles to despatching our grain by sea have never been surmounted. We are in the same position as we were two years ago; we are possibly in a worse position due to the constant accumulation of various harvests.

Then followed (as predicted by those competent to judge the situation) the troubles over payment. These are still pending settlement despite the prolonged efforts of both grain exporters and the authorities to arrive at some satisfactory arrangement with our customers. The grave difficulties which have ensued, the inability to obtain ample credit, largely due to this disorganised trade system of ours and by our not being prepared to comply with our customers' conditions for buying our products—

their refusal to buy for gold,—have ended by practically forcing the State to take a hand in the business of the country, and eventually to the State lending its name as security ere we could dispose of the greater part of our cereals.

The participation of the State in the business of the land has had to be extended in unexpected directions. The scarcity of tonnage for delivering our products to our consumers has involved the Government in a ship-owning and freight chartering enterprise. Its efforts, however, have not been commensurate with the problem, and freights are as high as ever, ships as scarce as before and the programme of State intervention, here as elsewhere, has proved insufficient to change the aspect of affairs in regard to business.

### STATE INTERVENTION.

It is a great pity that the Government, instead of being led into a shipping scheme, which, to be of any real utility would have to be extended to dimensions superior to the needs of the moment or the resources of the State, was not, from the beginning, induced to devote the same sums and enterprise, towards constructing elevators, and adequate storage deposits.

For the same amount of money, \$6,000,000, cost of acquisition of ss. "Bahia Blanca" our present facilities for handling grain could have been doubled, and a start made towards sound business methods which would have left behind it a real statesmanlike record of sound Government to the credit of those at present managing State affairs.

What has been accomplished by the acquisition of one steamer, the "Bahia Blanca", and the conversion of ex-cruiser "Patagonia" into a merchant vessel, is hard to define, but we have every evidence that it has not hindered the constant rise in freights, or alleviated difficulties in the transport of our cereals. Both these objects would have been attained had the same money been inverted in amplifying our elevator services.

Had an adequate number of elevators existed at our ports there would have been no need for our authorities to undertake a shipping scheme at all, for no matter what hindrances cropped up we would have been in position to meet them. Even at the last moment the inversion of 8 million pesos in elevators (instead of in ships) by the Government would have gone a long way to alleviating difficulties regarding shipment of our goods. In any case the spending of such sums in the country would have

given much impetus to home industries, and would have afforded employment to our labourers and helped home trade considerably. With half the sum, for instance, the port of Mar del Plata could have been made useful, could have been fitted out with an elevator system on modern lines equal to any in the world, capable of handling all the crop from the southern zone, and permitting the access of the huge modern deep draught ocean going steamers, which at present cannot enter a solitary Argentine port.

Finally among other facts which have had a share in making business highly complicated have been the needs of the State as regards revenue.

### EXPORTATION DUTIES.

In order to raise the resources for conducting the affairs of the State it has been found advisable to recur to exportation duties on all our chief products.

Needless to say, despite the fact that every effort has been made to make them as little onerous as possible, these have not tended to facilitate either further profit to the contributors, that is the home producers, or solved any of their previous problems. The nett result to the State coffers has also, neither been as extensive as prognostications led the authors of the taxes to suppose, nor as beneficial to the budgets. As regards the estimates of income from cereals, the delays in exporting grain which have been experienced since the enforcement of the law, have largely contributed to defraud expectations.

In the meanwhile prospects for any favourable change in the near future are not very brilliant.

As I remarked before, owing to the absence of Argentina from the councils of the European States and from the Food Control, there is not likely to be a great demand for our food stuffs, except as a last resource, filling in shortages of others, which means that the work of moving our crops will proceed slowly, even more slowly than in normal times. Already things are moving far too slowly, and any undue optimism is quite out of place. An intelligent anticipation of events would have saved us the embarrassments of the present moment, for it must be evident to everyone that without facilities for storing our crop, without means of rapidly despatching them abroad, in the few boats at our disposal, it is not unreasonable to expect great augmentation in the value of cereals here, however favourable the conditions of the consuming markets may be. Before we can anticipate higher prices at home we must rid our market

of the glut of last year's crops, which would have been more use to us out of the country, even if it had only been to avoid the scarcity of sacks.

Because the war has ceased in Europe, one is not justified in assuming that our difficulties are at end, and that as far as we are concerned our task is just to grow as much as we can to fill hungry mouths. The hungry folk will go on famishing, or probably have finished famishing judging by the rapidity with which they are consuming our supplies, and in the meantime the rest of our competitors are actively pursuing the fleeting advantage which the situation and their own previous sacrifices permit.

What constitutes an exportable margin depends above all on the stability of the harvest.

### THE CULTIVATION OF WHEAT FOR EXPORT.

Foreign growers of wheat, that is, those who make it a business to produce in excess of their requirements at home, are really speculators, living in hope of there being a shortage elsewhere, and making their greatest profits when disaster overtakes their competitors.

As far as Statistics permit us to judge, in the cycle of every five years the local harvests provide sufficient food for the inhabitants of every country of Europe except England during three years whilst in the other two years there is a shortage, and the necessity of importing grain.

The question of the moment is what to do with our previous year's surpluses.

We are informed from official circles and confirmed from London that everything will be arranged, the ships will be at hand to load before long, the prices will be reasonable, the drafts for the shipments will be met through the joint action of the Allied Governments, ample credit will be available to aid the moving of the cargoes, that everything will end by being smoothed out. All will be straight sailing before long, which assertion does not leave us convinced that we have solved our home problems, or that we are altogether justified in confiding in our neighbours to solve our difficulties.

These difficulties in the meantime, have cost us hundreds of millions of pesos and until we have placed ourselves in a position so as not to expose ourselves to a repetition of such losses we can hardly claim to have advanced greatly towards sound prosperity, whatever measures our well disposed neighbours are ready to undertake for our benefit—and theirs.

## RAILWAYS.

Due to the natural conditions, Railways for the Argentine Republic are practically the sole medium of communication; they play a still greater rôle here than elsewhere since they constitute the only means of transport. Neither roads nor rivers can attempt to replace railway transport; in this respect railways are pre-eminently involved in the progress of the Argentine Republic.

Contrary to what occurred in Europe, railways here have not been evolved as a more rapid and efficient means of transport, as against road or river, or even as a relief to the terrible condition of the roads. Trade and railway transport went hand in hand from the very beginning of progress here, and the utility of railways has never been questioned. During the recent strikes which affected the entire country and reduced travelling to the roads and rivers, the fact that certain trips were made from one part of the country to the other by road was hailed as a remarkable feat, which evidently implies that for the average inhabitant no other means of communication exist except by railways. The efficiency of railways can never be called into question as a means for transporting our produce, whatever may be the criticisms hurled against the manner of administering them, a fact which is sometimes lost sight of. Every attempt to introduce other means of transport, even to the extension of the use of our waterways,—one of the cheapest forms of transport conceivable—or to the return to the time honoured method of “arreo” for moving the herds and flocks, speedily relapses into plans and projects, in which few are disposed to take more than a perfunctory interest, despite the innumerable and undeniable advantages which might accrue to the country in general, and the farmers and estancieros in particular.

Railways are, in fact, Argentine roads; probably the facility for constructing them against the difficulties of building good transitable roads accounts for the development of one against the backwardness of the other.

In freights there is no comparison; over the railway lines the cost of transport is one third of that by road, for even short distances, in actual charges. In time railways are ten times quicker, in precision and security they are incomparably superior, in losses one-fiftieth of that experienced by road.

How great a part railways play in the national economy is again and again impressed on the general public, whenever labour difficulties crop up, or any particular thing happens to interrupt their services. Nearly



15 % of the population is employed by the large railways. In many parts of the country the population is often entirely dependent on the railways for almost every thing it consumes. This, while in itself somewhat anomalous for an agricultural country, is nevertheless not to be cited as an example of the backwardness of the general state of such parts; the same phenomenon was observed in such a progressive land as the U.S.A. at a certain stage of development, and it is far from being prejudicial except where it tends to be a chronic state. It leads to statistics incidentally showing a greater tonnage transported per capita than elsewhere, and supposedly contributes to making railways possible.

Railways exist for transport and by transport they exist. The first part is generally remembered by the public, which, however, often forgets the second, and expects the railways to accomplish miracles in the way of facilities never required of other branches of industry. On the other hand at times the proprietors of the railways or, better said, their employees, take it for granted that these who do use the railways do so because it suits their convenience more than that of the owners of the lines and therefore have no particular grounds for complaining whatever they get, on the principle of—if you don't like it go elsewhere.

### RAILWAYS AND PROGRESS.

Although it is assumed with good reason that the development of the country has been largely due to the extension of the railways, none the less this has been equally contributed to by those who have responded by providing articles to permit the railways a continued existence.

The confidence of the investor in railways has been coincident with that of the user, or client, and therefore it is useless to require of the railways what the customers are not prepared to appreciate and to pay for; the efficiency of the railways depends equally on both parties and the attitude they assume towards each other, whether of confidence or mistrust. Railway development has had to adapt itself to the needs of a new and rapidly growing country. A large part of this country was first made valuable, (that is to say, productive and capable of settlement) by the railways, which in turn were treated with every inducement to push their investments, both by the Government and by the proprietors of the lands where the rails were eventually laid. Naturally a vigorous policy of invest-

ment has led to enormous tracts of land being crossed by railway lines and has brought with it the crossing of much poor land, too poor to pay adequately for the costs of maintenance, yet despite this, and the fact that generally speaking the lines serve an extremely thinly populated country, they do not lack of the things considered necessary in more populated countries, where steady and continuous traffic easily permits recuperation on outlay.

Generally speaking, Argentine Railway managements have shown a spirit of enterprise if not in advance of the common in this country, at least equal to that current, and if the railways have not attained that high grade of excellence attributed to North American railway undertakings, it must be imputed more than anything else to the want of due appreciation on the part of the average Argentine client.

In the efficient exploitation of her railway lines no country in the world has attained the fame of the United States and Canada. In the combination of all means of transport, railway, river, canal, etc., the railways of North America mark a record.

Europe, with its densely populated cities, and intensely cultivated fields does not enjoy a more efficient railway service than the North Americans. Their characteristics are cheap freights, rapid transport, abundance of rolling stock, the adoption of every sort of useful appliance for facilitating handling of merchandise, contriving to work with the fewest number of men, and the payment of the heaviest salaries in the world to the officials and the highest wages on record to the workmen. They register the heaviest working expenses of any railway lines in the globe, and yet are the most profitable in the world.

Whereas, under normal pre-war conditions, railway freights elsewhere in the world have continually risen, in the U.S.A. railway freights have steadily fallen and the basic rates for the chief farm products, meat and grain, are by far the lowest in the world.

#### AMERICAN RAILWAYS AND FREIGHTS.

Under similar conditions, neither, New Zealand, nor Australia, the one with State railways, the other with competitive private owned lines under State con-

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Wheat: cost of freight or transport in U.S.A. 0.759 cets. gold per ton per mile. England 2.31 cents gold per ton per mile.

trol, enjoy such favourable rates as do the North American farmers.

How efficient the American railways are, under normal conditions, despite all the waste due to the fierce competition natural to the American temperament and mode of business, and incidentally to the nature of private concerns, has been demonstrated during the war, when not even by the concentration of all the lines in the hands of the Government, with all the advantages of central control, has centralisation been able to reduce freights, or reduce working expenses, or increase carrying capacity, or augment the money earning abilities of the lines. The experience acquired from the experiment of central control under the direction of the State does not speak in favour of State-owned or State-controlled railways as against private enterprise, at least in the United States.

Before entering on another line of policy in this country in regard to railway undertakings it is essential for our advocates of a change to study the results of similar experiments elsewhere: in any case it is more logical to attempt an improvement on the present methods before changing them.

A glance round the world at the different railway systems, the manner of working them and the results attained, shows that whatever the defects that at present are making themselves felt in our railway exploitation, they are only too common to nearly all railways, and not even the U.S.A. with its remarkable genius for managing its transport system is free from blemish.

Compared to the U.S.A., for example, England with its private lines exclusively, pays treble the freights; neither do the general rates on the mixed system of State-owned and private lines of Belgium, nor the heavily subsidised or favour-tariffs of the German State lines, prove as low as they are proclaimed, or in fact equal those of the best administrated American lines. Argentina, which previously followed the U.S.A. in order of basic freight rates, is undoubtedly to-day in an inferior position in regard to transport rates, more so than ever if we take into account the naturally low construction costs, and the favourable running charges here compared to other countries.

#### DEARER FREIGHTS.

It is to be presumed that until other satisfactory standards of calculations are reached and a definite

policy, be laid down between State and Railways, and, between Labour and Capital, as to the limit of their respective financial responsibilities, no great improvement can be expected in the present situation,\* where freights and railway costs seem enormously high and traffic very slow.

However, there is one line along which progress is essential, that is in regard to the handling and transport of cereals.

In regard to the transport of cereals, to the marvellous progress of the U.S.A. in dealing with her cereals, I want to draw attention to the fact that it is often cited as one of the great reasons for the unexampled prosperity of the American railways that they understood this branch of their business in time, and the satisfactory way in which they solved the problem has done as much to place them in their present prosperous state, in the same way as the negligence of others has left them in a far from thriving condition. The great ability with which the grain, the chief article of revenue to the railways, is handled in North America has resulted in a model organisation, worthy of study for all interested in adequate railway exploitation, and one that calls for particular attention from all parties, equally for the farmer as for these to whom is confided the management of the railways.

Undoubtedly the low freights, the rapid haul and the minimum losses are due to the intelligent management of the railways, but, also, the foresight of the farmers in adapting themselves to the measures proposed and in supporting the railways in their efforts, have powerfully contributed to make the present high standard possible in the United States.

Grain is greater in bulk than any other article of commerce; it is more difficult to transport and handle than any other commercial commodity, and in resolving the difficulty satisfactorily the directors of the American railways have scored a double triumph.

The obstacles to the transportation of wheat enter largely into the question of its feasibility as an article of commerce; on the calculations of cost of transport often depend the profit of wheat growing to the farmer.

It is indisputable that the rise of the North American wheat trade has been facilitated, to an enormous extent, by the admirable manner in which the problem of handling it has been solved by the American railway managers.

## GRAIN HANDLING IN BULK.

By the adoption of bulk handling, the creation of loading and discharging elevators, of grain silos or local deposits, the costs of transport both by rail and steamer have been reduced to a minimum and the existing grain trade made possible.

Had cheap transport not been evolved, the supplanting of the home grown article in Europe, by the American grown cereals would never have been the accomplished fact it is to-day.

Cheap transport has reduced the advantages of the local grower on the local market, and has practically eliminated the disadvantages of producing an article of immediate consumption thousands of miles from the actual consumer.

The creation of the elevator or grain silo made feasible the transport of grain to the farthest centres of consumption in such a condition as to be able to compete with that cultivated at the doors of the consumers.

With the elevator the transport of grain was converted into an easy matter, it resolved the problem of cheap and adequate handling.

It began by abolishing the sack, the first step in economical handling;—the loading of grain in sacks was found to require ten times more men to start with than need be employed, by the elevator,—operating in sacks took twenty times more time. Thus another important economy was secured by the elevator. Sacks involve fifty times more loss through damage, etc. Here another heavy item disappeared. Railway wagons could be filled to their utmost carrying capacity, (further economy) and this in a few minutes, while they could be emptied equally as quickly again (another reduction in costs). Fewer wagons were needed for the same locomotives hauled a heavier net cargo; loaded trains could be run oftener and returning cargo trains of empty wagons moved with less obstruction. In short the lines were utilised to greater advantage for the owners' or shareholders' pockets.

The addition of machinery for drying, cleaning and classifying the grain previous to embarking it for transport, increased the value of the article and permitted it to withstand long transport across half a continent with a minimum loss: it meant steady freights.

That steps to secure these advantages for our own

railways and for their clients have not been actively pushed is certainly a matter for criticism, although the entire blame for the negligence shown by our railway managers is not due so much to the want of appreciation on the part of the railway managers as to the indifference of the State to the proper interests of the farmers and, also, to apathy on the part of the farmers.

## RAILWAYS AND THE ELEVATORS.

To thrust the blame altogether on the railways is puerile, for the railways were among the first to undertake the construction of elevators, which undoubtedly they would have extended had not the authorities seen fit to place difficulties before them, through political machinations. The government held a wrong idea of what was aimed at by the construction of elevators by the railways.

That the railways have remained absolutely passive ever since is untrue, for in response to the demand for deposits, sheds, etc., without any particular good will of the State, or any than most perfunctory guarantees as to how the investments in such were to be regarded by the State railway experts for the computation of the capital and its corresponding taxation by the State, and often in the face of considerable opposition by interested parties, who unhappily have much to say in the policy followed by the managements, several of the leading companies have inverted considerable sums, in the construction of "tinglados", either for their own account or in combination with capitalistic houses dedicated to the business.

Undeniably, experience has shown that such "galpones", "tinglados", etc., are merely expensive substitutes for "lonas", as a way of sheltering cereals and are useless where they are intended as a cheap and easy way of avoiding the erection of the more expensive elevators or grain silos.

That the railways have not persisted in their original intentions regarding elevators, just because they had no encouragement from any particular quarter, is certainly a short-sighted policy and of which they are now reaping the disadvantages. However, in regard to the present turn which matters have taken in the policy towards railway enterprise, I cannot but recognise that, as far as the present moment is concerned, what was to be expected some years ago of an enterprising management can no longer be anticipated.

Due to the general atmosphere of discontent which is being evinced by Capital on all sides of late, and particularly noticeable in railway affairs, I do not think it possible to press for elevators under the aegis of the railways, whatever may be the extent of the advantages to the railways thereby.

On the other hand, elevators will not be possible except with the active co-operation of the railways, and any plan must fail which proposes to eliminate railways from having the first choice in undertaking to erect them, or which in any way prevents the railways from participating in the nature of the business. Neither is it necessary to accord the railways any other facilities for the exploitation of elevators than would be accorded private parties, for in truth the transport companies will find therein a proper complement to their business where grain handling is concerned.

### UNUTILISED EXPEDIENTS.

For the railways, elevators are one of the most potential resources yet attained in connection with transport, just as they are for the farmer with reference to the marketing of his produce.

That the interests of the railways lie bound up in the advancement of the well-being of the farmer is true, for the welfare of one is closely connected with the welfare of the other.

Their primary interests are the securing of freight, the transport thereof at a minimum cost to themselves and the obtaining of a maximum charge, though equitable to both parties.

The question of freight charges is one of the thorniest of our railway problems, and on its proper arrangement depends, we are assured by the directors of the companies, the whole economical working of the lines and their existence in the future.

The elementary duty of the railway managers is to secure for their investors an adequate return on their money, and for this they certainly should utilise and be induced to utilise all modern appliances, including elevators in the case of cereals, which constitute their chief source of revenue in freights.

Can it be maintained as other than inimical to their interests that for a few months each year, immediately following the harvest, their lines are chocked with traffic, whilst for the rest of the year the traffic barely covers working expenses?



If their profits hang on the harvest traffic, how much must they diminish through its being rushed away in such a hurry, and how much would they be increased if, instead, facilities existed so that these freights could be moved in a normal way?

The transport of grain in bulk would represent a profit from the first, which would more than trebly cover any inconvenience experienced in the provision of suitable rolling stock, or in the adaptation of that at present existing. Particularly at present would this outlay on rolling stock be least onerous, since during the last decade no renovation or provision of new rolling stock has been made by the railways, which are now actually short of modern rolling stock.

### THE SHORTAGE OF WAGONS.

During the last decade the average load hauled has been doubled on nearly all the lines all over the world, partly through the utilisation of more powerful locomotives, the increase in the size and carrying capacity of the wagons, and through better management of the lines: this has been noticeable here in the returns of traffic movement, and undoubtedly would have been still more emphasized had the policy of progressive outlay been insisted upon.

With the addition of elevators for moving grain, the annual hue and cry over the shortage of wagons would cease, and anyone who has had an experience of loading, especially at out-of-the-way stations in slack times, and in the chief centres in busy times, knows what a part the everlasting shortage of wagons plays in interfering with dispatch. On their part, the railway companies could look forward to the renewing of their rolling stock with equanimity and it would give them the opportunity of providing suitable wagons, with the certainty that their use would extend over the whole year, and thus prove remunerative outlay, for if the shortage of wagons is prejudicial to the trader, the excess of wagons is likewise a continual loss to the railways. In the adequate employment of the wagons lies the secret of commercial railway management. To the useless expenditure incurred over redundant wagons, and to the stereotyped methods which the managers allowed themselves to fall into, are attributed most of the financial difficulties which the railways in England are and have been, for a long time, suffering from.

## LOST TONNAGE ANNUALLY.

Competent authorities put the loss arising from damage to the crop in normal years, through the absence of elevators, from 15 to 20 per cent. of the 15 million tons harvested annually. What it is this year is beyond computing. In any case it means from one million to nearly two million tons less freightage for the railways, which quantity is equal, at least, to 10 million pesos less income for the railways: a vital matter indeed, both for the prosperity of the railways and for the country at large.

The regulation of the traffic would reduce the cost of running the lines. Although it might not reduce the carriage rates it at least would impede their continual rise, one of the fundamental reasons for the hostility towards the railways on the part of the majority of camp folk.

## THE RISE IN FREIGHTS.

The advance in freights is a symptom common throughout the world: yet whatever may be the reasons involved for increased tariffs in countries affected by the war, such reasons appear less convincing when applied here, although apparently they are one and the same. In a report of the general meeting of a North American line, the following explanation was given which, with exception of the last part, reads very much like what we hear in this land.

### IN NORTH AMERICA.

“Since the beginning of 1915, the cost of operating the railways has steadily advanced, and has absorbed a correspondingly larger proportion of the earnings. Not until the winter of 1917 was an appreciable advance in rates put into effect, and since that time extraordinary advances in wages have been granted, necessitating a further increase in rates. In the records of monthly gross earnings as given in the chart of monthly returns, this is easily remarkable, for whereas the rates were the same for some time after the commencement of the war, no sooner was an increase rendered inevitable than it was found impossible to arrive at a satisfactory unit rate, and a further

series of increase had to be put into force; it is now almost beyond human prevision to say when and where such demands will find their limits.”

“Serious as were the difficulties caused by the high price and scarcity of labour, materials and rolling stock, the transportation companies have been able to maintain their services, and even to augment them at times, although until quite recently they were not permitted to increase their charges in proportion to the higher cost of operation.”

The majority of the Boards of North American lines are now dedicating their attention to increasing the transportation capacity of their lines, and to the introduction of labour-saving devices, since it is practically impossible to effect economies without an increased movement of traffic, and along this line of intenser movement lies the salvation of difficulties which at present threaten to bring the running of railways to an impasse.

The fundamental security given the railways for sure and steady freights through the existence of elevators needs no dwelling on; a study of the nett results in U.S.A. and Canada is the most emphatic endorsement one can adduce. A similar knowledge that throughout the country there existed freights waiting despatch at an opportune movement would mean for the railways here a sounder basis for their calculations than they have at present, and without which they confess they cannot promise a stable and equitable tariff.

More powerful than ever are the reasons to-day for allowing a smaller quota for transport in our calculations of costs. We must be prepared for keener competition in our selling market, and possibly nett lower prices. Although the actual selling rates may rise considerably on the consuming markets, the increased cost of production and handling will cause the net price to the producer to be lower. Undoubtedly if the real profit is too low there will be an end of extensive cereal raising, and since cereals form such a large percentage of the railway cargoes, this is no negligible matter for our transport companies, for they will certainly not be able to recuperate on other branches, on the cattle and sheep, for instance, which already pay nearly ten per cent. of their selling value on the export market, in freights for railway transport.

As I remarked before, although it is assumed with good reason that the development of the country has been largely due to the extension of railways over large zones of easily cultivated soil, none the less this has been equally contributed to by the period of relatively high prices for grain in comparison to the costs of production. During the past ten years this has stimulated the cultivation of wheat, and likewise the consumption of wheaten flour all over the world. This has received a still further stimulus during the past few years, under the war system of food bounties, notably outside the customary areas of extensive grain production, Canada, Australia, India, United States, etc., with the consequence that the European countries, primarily consuming lands, now find themselves with a plethora of food stuffs, and the only shortage is actually to be found in those countries of Europe which previously were the chief purveyors, viz Russia, Hungary, Rumania, etc.

#### WAR FARMS AND BOUNTY GROWN WHEATS.

It is difficult to imagine that these lands will go out of cultivation as easily as they were put in. Interests have been evolved which will hold as tenaciously for their present advantages as we will have to do for ours.

Europe will continue to produce more and more, just as Canada, United States, Australia, etc., are still doing despite the fact that the real necessity of the moment has passed. All this no one can pretend will favour our farmers, any more than the great tendency towards an agricultural revival in England will prove propitious to us, unless we can compete so effectively as to make it economically a failure.

#### THE FALL IN PRICES.

Before we can do this, a great decline in prices will take place, or what is the same thing, the costs of production will go up, which means that every economy will have to be exercised if our farmers are to make anything out of cereal growing, and these economies will have to begin right away, from the start of operations, and not finish even with freights half what they are now.

When we enter on a period of lower prices, or smaller profits, we have every ground to anticipate that it will be a serious matter to our farmers, and if they find in high freights an obstacle, their opposition to the railways will steadily increase. It behoves the railway companies to do all they can to reduce the cost between the farm and the market: not only in carriage but also in the saving of cost in handling, expenses of bags, wastage and the loss through vermin and damages by weather.

The present system undoubtedly seriously affects the purchasing power of the agriculturalists, thereby adversely affecting the general traffic of the railways. In the United States, at the present time, there is far less waste between the agriculturists and the consumer, and the amount of money the farmers receive is much closer the price which the consumer pays than in any grain raising country of the world. This is due in part to the progressive policy of the railways, which take an active interest in the welfare of the chief producers, to the encouragement offered to all that favours their interests, to the establishment of grain deposits, and to the providing of every class of facility for the economical running of their business.

That this country has developed rapidly under the present system, that the area sown and the output of grain has been continuous in spite of the absence of anything like what other farmers need to help them, is not a conclusive argument in favour of perpetuating the present obsolete and extravagantly wasteful methods in transport, especially when other methods exist which would put twice as much into our pockets.

It must be kept in mind too, as I observed previously, that the investment of foreign capital, especially by England, in our Railways was undertaken for the express purpose of obtaining food and raw material to meet their needs.

Any policy which tends to make these investments less attractive must, too, in the long run, affect our production. By affording a market to our producers, the investors in our railways, have been amply supplied with food and raw materials. Only a decidedly unfavourable or unprofitable turn in business will make either side throw up the sponge. Apart from the idea of bad faith, the chief reason for no longer viewing

this country, or rather our railways as a first class investment, is undoubtedly the reduced dividends which they pay, but before proceeding to the simple expedient of raising rates of freights, we should study whether improved methods cannot achieve anything.

## ECONOMICAL RUNNING V. HIGH FREIGHTS.

Much of the money invested in railways, and on which amortisation and interest must be paid, is gone for ever, spent in preliminary expenses, compensation for land, etc., etc.; the values represented in the construction and stations is calculated at 50 per cent. and the rolling stock 10 per cent. of the total disbursements. All this money spent in the country has greatly contributed to its present prosperity, and those who invested it have every right to expect some proportion of the good things which they have made possible. Whether it is desirable for their own interests to adopt a policy which will end by preventing our products from reaching the consumer cheaply and in abundance is not at all proved.

It is desirable for their own interests to develop the country through which they have laid down their lines, and this cannot be accomplished if the cost of production is unduly raised.

Of course we cannot expect the railways to be run at a loss: then logically the only recourse lies in the most economical working. This does not, as we see in the case of the North American lines, mean the abandoning of the lines without further improvements, nor necessarily the reduction of salaries and wages, but in the adoption of every means whereby expenses may be reduced even if this means additional inversion of capital.

At the same time it must be brought home to our governors and legislators that we pay our interest on the railway investments through our exporting commodities which our creditors are prepared to pay for in turn and that it is illogical to suppose that by suppressing our contribution to foreign investors we gain greatly. In every case we must take something in exchange from our customers. These tremendous trade balances in our favour are more apparent than real in adding to our wealth and prosperity. For the moment and for a great many years to come the cheapest and most economical method is to pay back in goods, in meat

and cereals, for the gold lent on long term payments to build the railways.

### PROPAGANDA AND POLITICS.

But should not part of the task of bringing their case before the public be actively undertaken by the parties most interest? Since politics form the sole way of attaining anything in this land, why should not recourse be had to politics? In every part of the globe the railways exercise political influence and, decidedly, since ninety per cent. of the people employed by the railways are Argentine citizens, there is no plausible reason why, at least, the interests of these should not be looked after, as they certainly stand and fall with the prosperity of the institutions that employ them.

### ROADS.

Just as the elevator has proved a powerful adjunct towards solving the transport of cereals, so too, indirectly has it contributed its part towards helping us over the road deficiencies.

The difference in the cost of transport when carting has to be done over bad roads is found to represent an additional 20 to 30% to the cost as against conveying over good roads; on a dry level road, the force which the horse has to exert to draw a load is about equal to one-thirtieth of that expended on a bad rutty road and the number of horses has to be increased, or the load decreased. The preference, as far as the average carter here is concerned, is decidedly for increasing the number of the horses; the characteristic of Argentine land transport is the huge size of the loads, or at least of the average "chata" and its wheels, and the extraordinary number of horses required to move it. If the average cost of carrying each sack to the station represents 25 cents, over the average Argentine "camino," with good roads, this cost would be reduced to less than 20 cents; of course by good roads I do not mean as is popularly accepted by the term in the camp, that is that the road is no worse than it always is, or to be more explicit: by good roads I have in mind ways free from ruts and "pantanos," without necessarily being macadam surfaces. The quantities of a good road are its ability to resist the action of the weather. Owing to the average dryness of the cli-



mate, the problem here is not so much the providing of roads with the fine level surfaces such as are familiar to those who have travelled in Europe, but rather the suppression of bad parts, of holes, "lagunas," "pantanos," etc.

The bad state of the roads here depends more on the weather than on the amount of traffic, although the condition of the traffic here does not tend towards facilitating good road surfaces, due to the enormous weights which it has to stand. Yet if heavy traffic is forced to be the rule, the need is more apparent than ever for a good surface, at least in the bad parts. Again, if this heavy traffic is obligatory during a short time of the year, as it is immediately after the harvesting, it greatly impedes any improvement; it adds to the cost of maintenance without any corresponding permanent result.

By regulating the traffic, the work of improving the roads is much lightened, and since better roads imply lessened costs of transport, every means towards this end puts more money in the pocket of the farmer. At present it is beyond the farmer to undertake the moving of his crop by himself. He does not possess more than the lightest of wagons, and with these, unless facilities are existent for rapid unloading, he would lose far too much time at every journey, even if he went himself.

## ROADS AS ADJUNCTS TO RAILWAYS.

Elevators at the stations have greatly contributed to the farmer using his own wagons in the United States where the road conditions are in parts very similar to those common here in the camp; there the farmer finds it more economical to fill in his time and that of his peon by carting his own cereals to the station, even if he has to make considerably more journeys than would be necessary if he handed the job over to the professional carter. The huge wheels of the "chata" are not necessarily destructive, for in truth the destructive effect of wheels on good macadam roads is greater as the diameter decreases, but the use of lighter wagons and the fact that in the majority of the cases the farmer is himself the first victim of his own bad system, helps to keep the roads in better repair, and since the farmer is generally the first to appreciate any advantages

which he can secure by dispatching his crop opportunely, he is the more willing to lend a hand in filling in the bad parts, or contributing to those who do.

In the best of times as our farmers are well aware in the years of bad weather, the loss in additional charges for carting is no small item in the final figure of his profits; the present system of carting makes a call of many millions on the total budget for expenses. By normalising the labours of the farmer, thus permitting the roads being used rationally, elevators contribute towards reducing the costs of transport, and by permitting the farmer to undertake it himself puts money into his pocket. At a low computation, what it would save him and his "peones" in money idled away in his slack moments in the "boliche", by giving him occupation during the slack time following on the wheat and linseed harvesting and before he starts on his maize picking, is some millions of pesos without exaggeration. It would give him, too, a definite interest in his horses, and contribute to the establishing of a breed of horses adequate to his needs, without mentioning the capital he would accumulate in wagons and harness.

### NATIONAL SCHEMES.

If we turn to the other side of the question of what can be done by the State to improve our roads, it is undeniable that whenever roads come up for discussion, all remedying is generally confided to the authorities. Nevertheless, in reality it is always done by some energetic member or members of the local municipality. Whenever the central authorities take a part in the discussion, up come too, the schemes for the total renovation of all and sundry "caminos nacionales, provinciales, municipales, vecinales", etc., and as such plans generally carry with them ideas of such roads similar to those enjoyed by Europeans, they are accompanied by calculations for expenditure to the tune of millions. The magnitude of the expenditure is in proportion of the magnitude of the task assumed, so that normally by the time the figures have been gone into, the real task is forgotten, if ever it gets further mention at all. One thing that is commonly lost sight of when bringing up European roads as a comparison is the fact that there the roads have little in common with fences, and nothing whatever to do with the boun-

daries of properties; whereas in this country the road is only too often merely an adjunct to efficiently divide one property from another.

The law governing the division of properties, and those concerning the establishing of "colonies", primarily provide roads in the sense of boundaries, and secondarily as means of communication, and only finally as transitable ways for transport.

One of the most common sources of trouble to the camp man is this error in attributing to roads the task of acting as boundary lines, and proves that in reality there was never any proper appreciation of what roads are really for. This must be attributed to the fact that when roads were first planned, transport by vehicles was a secondary consideration, transit of animals was first considered. This is evinced in the abnormal width conceded the national ways. If roads suitable for vehicles had been in mind when such ways were decreed a most extraordinary optimism must have characterised our legislators regarding the traffic of the future, for no one with any pretension to a practical mind could ever suppose that thought was given to the possibility of turning such mighty strips of virgin soil into roads such as they are conceived in Europe.

## ROADS AND BOUNDARIES.

With the light traffic of nowadays, the great width of such roads is far from a drawback, on the contrary when compared to neighbouring ways, the wide road is a great advantage, for the sun provides for the drying and the wind for the levelling. Nor need absolute level in roads be sought after; it is only too natural to the configuration of the country, for as every carter knows, slight rises and falls are more favourable since they ease the draught for the horses.

What the average user of the roads here wants to begin with are roads which permit him to get over the dry parts and get through the wet

Contrary to the general opinion and from my own experience of camp travelling I am still confident that a little goodwill generally could be infused into "linderos" and neighbours in common with regard to keeping the good parts of the roads tolerable, and if the driver of every "chata" that got stuck was convinced that it would be to his own interest to fill the "huel-la" in again, holes too, would soon be less conspicuous

than they are. This would do away with the appalling magnitude of the plans for “caminos” or at least reduce the cost of acceptable figures, if not bring the whole question down to its real necessities.

In the wet parts and small “pantanos”, a few shovefulls of earth from a trench alongside at the right moment would reduce to minutes the bad quarter of an hour, and under reasonable conditions this could well be confided to the neighbours, especially if a simple undertaking were given that higher up the road everybody was doing the same.

The most onerous part of the programme for improving our roads lies in the bridges and “terraplenes”; in this respect I should like to suggest that instead of crossing above the water, where possible, crossing below the water should be adopted.

Bridges and “terraplenes”, except for wide rivers and extensive “lagunas”, (and these to-day, particularly the rivers, are generally speaking already provided for along the routes of any importance) should be the last resource. With bridges go the “terraplen” the bugbear of all who travel by road: anything which would minimise the construction of earthworks should have preference.

## FORDS.

From my own experience, which many a farmer and carter will confirm, the greatest number of “arroyos” and the really bad parts of the roads could be made transitable, by laying down a bed of concrete, or of “adoquines”, under the water, which would permit the lightest and the heaviest loads passing easily in the worst of times. Even for places with permanently running water, such fords should be a common feature, and in any case, even if they are not so aesthetic as a high and dry road they would prove eminently practical, and above all scarcely cost one tenth of what bridges and “terraplenes” do, nor would they involve more than a minimum of expenditure for maintenance, always one of the most burdensome items of any road expenditure.

As matters stand at present, even for the most enterprising farmer or land owner, it appears a well nigh useless task to remedy the part of the road that touches his property, when between him and his neighbour he has an unsurmountable stretch. Since one intran-

sitable section of a road weighs more in the balance than miles of good going, it is logical that the bad sections are the first to call for attention, even if such generally end by consuming all the funds available for the whole route.

Obviously where the bad stretch is of considerable length, there is no question of one man undertaking the task. In fact in many cases where the road is bad it is because the route followed by the road is too approximate to the lay of the land; when but a slight detour would get round the obstacle, it certainly does not seem common sense to adopt the formula of the Roman road builder, who simply looked on obstacles as so many more reasons for keeping straight on.

Fords in places instead of bridges and "terraplenes" would in my opinion partially resolve the problem of transitable roads, for our problem is not one of fine roads at all, since our roads in the majority of cases are well enough for the traffic they have to stand, and for the short stretches of bad road there are many long stretches of good going. The strength of a chain is in its weakest link, and the goodness of our roads is in the badness of the worst "pantano". If they cannot be got over or got through, then they should be avoided altogether.

As a matter of fact this dodging of the worse sections is precisely what does occur, with or without the permission of the neighbouring land owner who often finds his wires cut: generally this has its effect by bringing home to him the need of better protecting his fields; it occasionally ends by his digging a ditch to keep carts and horses out, and thus unwittingly contributes with the necessary drainage, often the only thing needed to make the road transitable.

Whatever way we look at it, the results are poor enough after all these years of "improvement" through "comisiones" and municipalities, for even where they do attain anything practically it surely follows that in the next section the reverse is the case. Probably disjointed action is the real reason why we have no roads worth speaking of yet; naturally each person does that part which interests him most, and when he has the most need of it, and on the other hand unless the roads are attended in this way nothing at all can be attained, since, as we see, whenever it is mooted that one central body under takes the whole job, it speedily assumes too gigantic dimensions.

## UNITED ACTION AND GOOD ROADS.

Again except in the times of bad weather the difficulties are not at all apparent, and it is precisely when the weather is good that the roads must be put in order, that is when nobody is the least disposed to do anything.

The farmers are most interested precisely at the moment of transporting the harvest, and then the repairs are done in as hurried a way as possible; a month later when the rainy season of late autumn sets in, despite all the labours the roads still retain their reputation of being the worst ever known.

In States where the system has been tried of obliging each neighbour to contribute a labourer, or join himself, towards forming a road repair gang, the greatest difficulty has been to get them to submit to the direction of a competent road builder, otherwise even with the best of hands it means nothing more nor less than innumerable groups of amateurs and the roads still result poor enough after all the trouble. The difficulty has been got over by requiring pecuniary aid from the carters, as well as manual help from the neighbours, for the greatest economy is attained if the moving of expensive "cuadrillas" can be avoided.

Although the neighbours are absolutely necessary towards helping to maintain the roads, the best solution is undoubtedly making them contribute with money, which is the system generally in vogue throughout the country, admittedly without the roads being greatly benefitted. Another variation has been to leave the "cuadrilla" under the direction of the owners of the properties, which usually means that the most powerful contributor gets the most done for him. This latter way of dealing with the costs of putting roads into tolerable condition has in its favour one argument in that it tends to split up properties where an abnormal length of road falls to one proprietor, who often will prefer to rent a part of the land in order to get out of the responsibility of attending to his share of the work. This is, however, but a remote contingency in most parts of this Republic, where rural property is far too extensive to be even affected by such measures.

For the moment, the aim should be to see that the worst places are made passable, and with that rest content.

Of course I do not pretend for a moment that perfection should not be aimed at and that our dreams should not run to beautiful level macadamised surfaces, but I fear that if, as at present, our aims are too high, nothing will ever be accomplished, and all will remain as it is.

The theory that the Mitre Law would provide funds seems to-day demonstrated as theory alone. With the maximum of receipts, the amount of the funds scarcely covers more than sufficient to repair what already exists, and every new road undertaken means leaving an old one without further attention. Co-operation with the railways, alone cannot achieve more than a precarious improvement: it is not possible as matters stand to-day to seriously think of even maintaining the roads with the surplus percentages of railway earnings.

Any attempt to load property with a straight contribution for a macadam-surfaced road is out of the question. My opinion is that the whole talk of macadam for Argentine roads is "hot air" for one cannot but suspect that those who talk so glibly of metalling roads, do not really know what 90 per cent. of our roads are like.

One thing is evident, and this is that since metalling our roads cannot be effected for many a year to come, all talk thereof should be dropped, as it simply blocks the way to real progress. Proposals similar to those presented in Congress, inviting the expenditure of 100 millions gold for macadamising 3000 kilometres, only waste time which could be better devoted to studying something less ambitious but more practical.

The cost of constructing one kilometre of good macadam road, 12 metres wide, is calculated at approximately \$40,000 gold; the same as for each kilometre of railway constructed (wide gauge); if the width of the road be reduced to 6 metres, which is the minimum width, a road can be reduced to, economically, and the cost be computed at \$6 per metre square, a very low calculation, then the cost excluding bridges, per kilometre, is approximately \$36,000 paper. In comparison, the cost per kilometre of railway (narrow gauge) is returned at \$20,000 m/n., and that of light railway (60 c.m. gauge) at \$5,000 m/n. If the sum required for maintenance is taken into consideration, then railways are considerably more economical than macadam roads as a means of transport.

The road question will not be solved, either, by ad-

hering to the opinion that the National Government has neither money nor means for attempting to seriously improve the ways and communications. There is no reason why a central body should not be confided with the duty of attending to the principal routes, and find funds enough to carry out a modest plan of improvements. With the guarantee of the State this should be possible for rural roads, more or less on a similar plan to those accorded under "Bonos de afirmados".

The banks would find no difficulty in advancing the money under satisfactory terms of re-imbusement. What is wanted more than the necessary money is a feasible road scheme. In regard to the funds necessary for maintaining the roads in good repair, monies could be raised by a return to the toll-gate system, if the contributions for vehicles, "chatas" and automobiles "patentes" were found to belong to the local authorities exclusively. I am well aware that such a proposal sounds like going back half a century, but I do not see why there should be any shame in this. The roads are more than a century behind at present.

### TOLL GATES.

A state contribution will always be necessary and is justifiable, for from the standpoint of state security, i.e., the movement of the army, good roads are necessary. In no case will it prove so onerous to the State as are the bad roads nowadays to the average country inhabitant.

In 1915 it was admitted by a Minister that the losses from bad roads amounted to over one-hundred million pesos: one might conclude that the magnitude of the figure would startle us into doing something towards lessening it instead of folding our hands and thanking our lucky stars it is no worse.

For the Buenos Aires water and sewerage works the State was able to contract a loan, it is true at a rather exorbitant rate, which was justified by the authorities on the plea that the works had to be carried out without delay in order to avoid considerable losses, both of money and in welfare.

Why then not a loan for the greatest of public works, for one which in truth concerns every one of the public in every sense of the word, and whose deficiencies occasion the greatest loss of money and affect the public welfare of the whole land?



## A ROAD DEPARTMENT.

There is a project under consideration of Congress which provides for the unification of all road authorities under one head. Whether it will receive sanction remains to be seen ; a State road department will have enough to do to justify its existence, whether it achieves anything like what it proposes or not. It is calculated that the absence of transitable roads obliges our farmers to pay never less than 10 per cent. more for cartage, not counting the additional loss from loads "volteados", and then only permits a precarious state of traffic, liable at any moment to be interrupted altogether, so that the losses from irregularity of traffic may equal, in one year alone, the total cost of maintaining passable roads.

The Board destined to confront the problem of our rural traffic has these stupendous figures with which to urge on their campaign for transitable roads: only let it be one with sufficient moral responsibility to undertake the raising of the necessary funds to begin the elementary stages of a permanent road scheme.

It is not of great practical use to go to extremes over the apparent difference which the present custom of keeping or neglecting roads makes to the farmer. The remedy is in his own hands, for from the farmer himself must come the solution of the difficulties. After all is said and done, it directly affects him most, and if under present circumstances but little progress is evident, the future cannot be said to hold out anything more brilliant.

## GOOD ROADS AND RURAL PROSPERITY.

As a matter of fact, the cost of cartage of the harvest, cheap or dear, plays but its part and no more, it is only one more straw to the camel's back. Good roads alone will not make our farmer's happiness; they will help him to move his crop but not increase its value, nor will the reduction of cartage freights compensate for the inversion of huge sums in road building and repairs. The additional advantages will be very relative, they will pass unperceived, unless accompanied by other measures.

The money spent on road making in the country will provide work for the peones, it will give some movement here and there, but some other steps must be

taken to make its real effects permanent. Among other things, augmented prosperity must make it worth while to spend money on improvements. Our farmers must be made prosperous to begin with and having acquired the habits of economy through possessing something to economise with, they will be able to appreciate the advantages of good roads by having something of their own in which to travel over them.

If we are agreed that the future prosperity of the cereal farmer, the average Argentine "chacarero", lies along the lines of cheap production, that all is desirable that helps to reduce the costs of production and contributes towards increasing the actual profits he receives, then good roads or cheap cartage is but one factor, but not the predominant one.

The real solution of the problem of good roads lies, like many another, in the existence of elevators, which by increasing his profits will allow the farmer to indulge in improvements, among the first of which will be transitable roads.

On how much good roads depend on the wealth and prosperity of the inhabitants I will not dwell, but I would like to remark on that side of the national character which we all are fond of criticizing: i.e. the love of luxury, and of which in truth the camp man sees but little. Since automobiles have come into use a grand development has taken place in the use of the roads, and incidentally considerable improvement; if any logical conclusion is to be drawn from this then the best way of improving our roads is to plan so that each farmer will have his own Ford: a truly democratic ideal for a democratic age.

Apparently this is understood by our provincial authorities, who, in the case of Córdoba and Buenos Aires at least, seem to have dedicated all their energies in the way of road building to the creation of excellent roads for automobilism.

The adoption of stone for road repairs, instead of earth, will open up a new industry precisely where it is most needed, that is in the mountains; stone we have galore and we will need it for many a year to come before all our roads are automobile roads.

Although I do not hold that macadam surfaces are necessary for travelling to the average farmer or that he will ever get them, if nothing can be accomplished unless we begin from the wrong end and put pleasure, if automobiling is a pleasure in this country, before work, then by all means let us accept the plan of a

2000 mile automobile road, even if but a tenth is ever accomplished. At least it will mark the beginning of a good work, and once we are accustomed to move round in automobiles, who knows but what there will be no stopping till transitable roads are the cry of the day, just as unprejudiced voting, or old age pensions, etc., are at times efficient political war-cries?

If these reasons cannot induce the National Government to move in the matter, there is no reason why other of the Provincial Governments should not adopt the policy of the two provinces which have attempted to make roads part of their programme—Buenos Aires and Córdoba. The provinces where stone can be obtained are most interested parties in seeing a new source of industry spring up in their midst, without mentioning the general advantages of scattering over the country, innumerable bodies of men, and offering, precisely when work is hard to find, at least bread and butter jobs for the unskilled, and permanent work for the skilled, let alone openings for numerous budding engineers, without dwelling on the higher sinecures for politicians.

The railways, too, might be doubly interested in the transport of the stone required to metal the roads, and if paving the entire country ways is settled on even at an exceptionally low rate of freight it will be a source of income not to be despised.

### RURAL TOWN PAVEMENTS.

The day that sees our rural towns and “pueblos” with something better than the average dusty streets will likewise see a decidedly happier existence for the inhabitants, and here I would like to suggest that an attempt might be made to introduce the system of paving the little used streets with “Klinkers”, or glazed burnt bricks, which besides being an extremely economical pavement, has the advantage of being a local industry. It has found great acceptance in the United States, and in the smaller towns which have sprung up with such surprising exuberance all over North America is more often than not the only pavement one sees at all.

In any plan for good roads, those of our small country towns merit almost as much attention as do the national and provincial ways, more so even, if the intensity of the population has any thing to say in the matter, and real rural progress is sought for, since it

is the common experience of all travellers by our roads that the worst parts are nearly always to be found at the entries of our cities and towns, and that the Capital is in this respect no exception to the rule.

### THE SACK PROBLEM.

Each year resurrects this problem, which has been disgracefully handled, inasmuch as not one original idea can force its way through the mass of reports which hangs round it like a millstone.

This year yet another commission will thrust more obscurity into its solution, another impossible proposition will be evolved, if there is anything evolved, and finally nothing done : the problem will be left again for the coming year.

Each successive Minister has his pet proposal, one opts for free imports of jute or other sack-making material, another, as others have proposed innumerable times, the reduction of duties on sacks. A successor proposes the acquisition of sacks by the Government, the next one advises special loans for sacks, or again half price sacks, the manufacture of national sacks. The proposal of free sacks to all remains yet to be made. This latter proposal will before long be seriously submitted for consideration, for special advances by the State bank for sacks will end probably in the generous annulling of the debts, since, according to the customary pessimistic affirmations from outside, the farmers have not sufficient money to buy sacks at all, and since their local credit is now exhausted there only remains now the duty of the State towards them in the distribution of free sacks.

What after that will remain for the next minister to advocate none know, for truth to tell every known idea within the circle of ideas has been proposed and exploded; except the next step be the total abolition of sacks altogether. In this lies some hope for a new line of thought, although tendencies are not discernible yet.

Bulk handling and elevators would settle the matter once and for ever.

Sacks represent an investment of over \$60,000,000 m/n. in normal times according to competent authorities, that is to say a sum equal to one fifth of the money actually in circulation. One can understand why the proposal of free sacks has never prospered, nor their purchase and loaning out by the Government, and why the reduction of duties, or free of duty, so little affect the

problem. We can also understand why special loans for sacks scarcely ameliorate the situation, also how much can be anticipated by the manufacture of national sacks, which would call for the organisation of an industry with enormous capital.

This year, due to the holding up of our stocks, besides the quantity already in the country, it is calculated at the lowest figure that another 80 million sacks are necessary, even allowing for 30 millions being all sound from those that remained over from last year.

It is calculated that the number of sacks in the country required for bagging our wheat, maize, linseed, barley, oats, rye, rape, alpiste, etc., is in the neighbourhood of 300 million sacks, or approximately fifty thousand kilometres of sacking.

If we allow an average value of 50 cents paper, new and second hand, we reach a magnificent figure approaching 150 millions pesos invested in sacks alone: as a matter of fact the average price for new sacks, freight paid, at the "chacra", at the foot of the threshing machine, is much nearer one peso paper so that the sum in reality exceeds two hundred millions, at the lowest computation.

### SACKS THE HEAVIEST CHARGE ON THE FARMER.

At their present value, it is a great pity that sacks do not lend themselves to financial manipulations, otherwise we might open a section of the "Caja de Conversion", for a paper emission of money with the guarantee of sacks.

From representing about 20 per cent. of the total cost of harvesting and marketing expenses of our crops, sacks have risen to represent nearly half the total.

The buying of sacks this year is in most cases as great a difficulty for the "chacarero", as is the selling of his crop at the price stipulated by the Government for export.

With wheat selling at \$6 the "fanega", as it is all over the country, the sacks are eating off as much as the whole of the harvesting operations put together, and swallowing a third of the total profit without taking into account the trouble and worry they are occasioning.

In normal times the necessity of buying sacks adds one quarter to the cost of harvesting, and this when sacks cost from 25 to 40 cents: let sacks but cost 25 cents which is computed the lowest possible price they can be

sold at even with specially granted facilities, reduced freights, free import, cheap manufacture, railway rates, etc., and still the cost is beyond reason and demands a radical reduction.

I will not insist on the necessity of reducing the present war prices, of \$1 each and above, or even that fixed by the Royal Wheat Commission at 75 cents nominal; we all realise the fact only too well.

Normally each sack the farmer uses costs but little, it is true, and the expenditure on sacks has come to be regarded as part of the costs of the undertaking, none the less the amount penalises the farmer not alone because it is unnecessary, but what is more, because the use of sacks brings in its train much heavier losses.

From the money spent on sacks the farmer recuperates nothing. The \$60,000,000 invested in sacks in normal times are a deal loss each year to the country.

Elevators would do away with the loss because they store the grain in bins, chambers, or silos.

They do not do away with the use of sacks altogether, but where the farmer uses 10 sacks to-day he will use only one the day elevators exist throughout the country.

### ONE HUNDRED MILLIONS CAPITAL IDLE.

Sheds, "galpones," "trojes", "tinglados", in which the grain must remain in the sacks, do not, as we have every evidence, solve the problem of our sacks. On the contrary, they add to its difficulties on account of their holding up the sacks, thus preventing their being used over and over again; they bring about an artificial shortage of sacks and, as has been amply demonstrated this year again, help to increase the price.

Unless elevators are provided, next year sacks will represent a still larger figure, and continually so as we attempt to increase our production. Whenever anything occurs to delay exportation, so shall we suffer more and be exposed to even greater embarrassments. If an attempt is made to take advantage of the Warrant Law and store our grain when we cannot dispose of it at once, then instead of diminishing our difficulties over sacks it will add to them; instead of a normal sixty millions of pesos in sacks we shall never get away from spending as much as we are to-day, that is nearly five times as much.

The use of sheds, etc., or any place of deposit that does not permit emptying out the grain and storing it in

bulk as do the elevators, instead of solving the sack problem complicates it, so that if we solve one problem—that of storing our wheat—for the moment, we have but done so at the trouble of complicating another difficulty. The sole possible solution lies in the building of elevators, whichever way we regard the matter.

At the present price of sacks, the cost per cubic metre of concrete construction actually works out less, that is, it is cheaper to build a concrete storage place, such as an elevator, than it is to buy sufficient sacks in which to put a like quantity of grain (and there are many systems of elevator construction cheaper than concrete). It is not surprising that we hear that our farmers are willing to sell at fifty per cent. below the official price, provided they are freed from the task of providing sacks.

It is useless to denounce the stupidity of the farmers or the iniquity of such proceedings on the part of the “acopiadores” or grain buyers, and still less to attempt to admonish speculators; the remedy lies in abolishing a fictitious state of affairs under which the whole sack trade flourishes.

We have been treated to a whole series of denunciations this year, as every year, with the exception that they have been more than ought else directed against those who undertook the task themselves, not of exploiting the situation but to endeavour to ameliorate the heavy charge to the farmer for his sacks: not against the sack manufacturers, the customary victims of public opinion, but against the Royal Wheat Commission.

The fact that altruistic intentions have achieved so little towards solving our sack problem, have left it where it generally is when the speculators have done with it every year, ought to go a long way towards convincing people that there is no solution possible at all as matters stand.

We must change our system altogether if we want to make an end of the complaints of those who have no bags, and need them, of those who have bags and don't need them, of those who want to buy and can't and those who want to sell and can't—each at his respective price, of the eternal disorder buying and selling occasions, of the speculation it engenders, and of the unending losses it inflicts on all and sundry.

#### ADDITIONAL LOSS FROM SELLING GRAIN IN SACK.

To add to the long list of the difficulties which the

demand for sacks creates is something which seems well nigh impossible, yet somehow or the other each successive year seems to find a new worry.

This year it has been discovered that the business is very bad for the farmer, for he pays one peso for a sack and then sells it later for scarcely over five cents.

He buys his sacks by number and sells them by weight: the "acopiador" who undertakes to provide the sacks, charges the farmer one peso per sack, then he fills the sack with grain and buys the sack full of grain from the farmer paying whatever the price ruling for grain for both grain and sack, so that, for example if the sack weighs 10 oz. new at 47 in. say half a kilo or one lb. and the price of the grain is \$12.50 the hundred kilos, the farmer gets back six and a quarter cents, for what he has just paid one peso for. Then when the "acopiador" has despatched the grain to the nearest port elevator for shipment, which is made in bulk (granel) in fifty per cent. of the cases and receives the same sack back, if it is not at all damaged he can again repeat the operation with the next farmer, and so on ad-infinity, occasionally varying the charge for the sack as it becomes definitely second-hand. Of course the farmer rarely gets the \$12.50 so as a matter of fact he does not even get anything like five cents for the sack back again.

I leave it to the imagination to calculate what this brilliant system of trading costs the farmer annually, on the 300 million sacks he insists on using. Of what use is it to denounce the additional profits which those who advance sacks consider themselves entitled to? It has always been the custom (and only the tremendous rise in prices of sacks has brought the matter into prominence) of those who advance bags to require of the farmer as a preliminary condition the sale of his produce.

Unless we are disposed to provide some practical way out of the loss such as by erecting elevators at the railway stations, establishing the sale of wheat in bulk and permitting half a dozen crops being harvested with the same bags, we can discern no remedy for the farmer. Even if he pays cash for them and only 25 cents for his bags as in the past the loss is just the same, except that the volume is reduced. There is no possible way of providing for the rapid return of the bags from the present port elevators, except it adds to the cost of the sacks in the way of return freights, etc., and then under the present system of grain transport and sale, once the farmer has disposed of his crop he has no interest in having the



sacks returned. It would prove but a doubtful advantage to have his sacks returned him, first owing to the large number he uses and the sum they would represent in capital lying idle, and, second, for the deterioration they would suffer from the absence of a sound place to store them pending next year's harvesting. If he decided to dispose of them after every crop then the price would naturally be low owing to the supply exceeding the demand.

## STATE INTERVENTION AND ELEVATORS.

Elevators alone are the sole solution of the problem.

This solution should need no better advocacy than that of the ex-Minister of Agriculture and Public Works, Dr. Ramos Mexia, who in his programme for Public Works of 1912 has left us the following:—

“The bags used for last year's crop (1911) represented a value of nearly fifty millions (£4,365,079) it being calculated that the cost of those required for the 13 million tons reaped in 1912, was \$38.33 cents paper per hundred kilos.”

“The economies to be obtained by the grain elevator system in the manipulation of cereals represent fourteen millions, (£1,222,222), according to the calculations of the best authorities: it is estimated that the sum which the extortion of the Grain Trust adds to its legitimate commercial gains, owing to the absence of elevators, amounts to fifty cents per hundred kilos.”

“Therefore, the agriculturalists receive each year 128 millions (£11,174,603) less than they should receive, due to the employment of bags, to useless expenses, and to the pressure of the monopoly; and yet, the only remedy that is found for this enormous evil is the purchase by the Government of one-fiftieth part of the necessary bags.”

“I doubt the efficacious result of the Government's intervention with such limited elements, and I doubt still more the advisability of initiating State Socialism in this country by intervening as a commercial competitor whenever an article of prime necessity becomes dear.”

“There is another remedy. To my mind it is not a question of the price of bags as they are dear at any price; the radical cure consists in suppressing them.”

“If the expense is unnecessary and useless, if manipulation of bags by hand is more expensive, more exposed to losses and occupies more time than mechanical handling of grain in bulk, why encourage the system instead of endeavouring to do away with it?”

“I am aware that this cannot be accomplished in a moment, but nothing is ever done without a beginning.”

“With the construction of large elevators in the ports of Buenos Aires, La Plata, Mar del Plata, Rosario and Santa Fe, which could be effected within a short space of time, the bags could be emptied at the nearest railway station, because grain in bulk can be loaded in the ordinary closed wagon without difficulty, and returned rapidly to the farmers, so that a large number of agriculturalists could use them over and over again. Afterwards, the district elevator would be brought in use, in fact could be ready at the same time as those of the ports, so that with their assistance the number of bags required would be almost insignificant.”

### THE TRUE SOLUTION.

In making the last statement the Minister is echoing the universal opinion, that is, that the first step towards solving our sack problem lies in the direction of making the number used as low as possible; in doing without them where one is not forced to use them, and where one is compelled to their use to limit the number used to a minimum.

If the use of sacks for transporting grain brings with it a loss to the grain producer from the first moment when the farmer bags his grain until he sells it, so too, does the “acopiador” lose, who it is true has to take the loss into his calculations in the price he offers for the grain to the farmer. The loss continues from country to town, is held in mind by the grain merchant on the grain market, is ever in the calculations of the exporter, always with the tendency to reduce the value of the grain, and enters too, equally in the reckonings of the eventual purchaser, or consumers. Not only are there the losses in money in the purchase of the sacks, there are those of weight. Not a small part of the losses in weight or “merma” are caused from the bursting of the sacks due principally to the many handlings which transport in sacks involves, and those from the charges for handling which are: the unloading at the station, the piling there pending transference to the railway wagon, the loading into the trucks, the unloading at the destination, the piling at the ports, and the loading aboard. Each handling, each one of these operations is charged separately, generally the charge is 5 cents a sack, so that if nothing but these six operations are necessary the charge is already approximately 30 cents for each sack of 70 kilos. There is, however, the weighing

of each sack, another 5 cents charge, the refilling of the short-weight sacks, 20 cents, per bag, the change of defective sacks, 20 cents, each sack, plus the cost of the new sack, the marking of the sack, half a cent per bag, then there is the classification, and turning over of the sacks with grain remain piled some time, and the charges for warehousing, or floor space, which rarely are less than 10 cents per bag; all these charges are absolutely independent of those for freight by rail, the port charges, and the cost of shipping abroad, nor does insurance or commissions enter yet. When the grain is loaded finally in bulk for dispatch, the charges for sacks used still go on for there is a further charge for collecting the sacks, classifying them, piling them and binding them, thus making them into bales or bundles for return to the broker and the charges for warehousing them in case they are not taken away at once.

These charges incidental to moving the grain from the field to the port, are reduced to less than one half where transport in bulk is effected, and elevators are used in the handling. We have then but one handling in sacks, that is to say the despatching from the farm in "chata" to the station, or elevator and the unloading. From this time onwards the grain is moved in bulk, it is loaded into the wagons loose for transport and unloaded into the port elevator. The charges for such are calculated at so much per 100 kilos, and are for the two operations to which bulk handling reduces it, or less than 20 cents, including weighing. The rest of the operations are not necessary: if the grain is stored the charge per 100 kilos is 7 cents per month the same as for a sack of 70 kilos.

Where grain is handled in sacks it deteriorates rapidly; if exposed to the weather, it heats, grows mouldy, besides if stored in piles in sacks it is attacked by insects, "gorgojo" weevils, etc., or destroyed by rats and mice who find excellent breeding places in the interstices between the sacks; it must be cleaned and ventilated before it can be sold or even moved at all. When this takes place the labor is five times that required for grain in bulk as the sacks have to be cut open, emptied, refilled, sewn up and piled again, whereas in elevators or grain bins it is sufficient to move it from one bin to another by a running band, with a corresponding minimum charge.

There are no losses at all from "merma", or "de-

terioro", and its quality is unimpaired, whenever it is handled by grain elevators.

There are no huge accumulations of sacks at the ports, or heavy expenses to bear for returned empties; and above all there is no question of speculating with the shortage of sacks, such as is only too easy under the present system.

### COSTLY HANDLING OF SACKS.

Nearly half our sacks are lying about uselessly employed, over fifty millions are lost or tied up in last year's crops (wheat and maize), which we have not been able to dispose of yet. The curious spectacle can be seen in the camp of last year's grain being turned out of the sacks, and left out in open piles, while this year's crop is taking its place in the sacks.

At the beginning of the year when the sack shortage question was being pushed for all its worth, all bodies united in stating there were enough sacks in the country. The authorities and the manufacturers, as well as these gentlemen to whom is confided the management of the Wheat Commission, seemed to concur, for no attempt was made to hurry the importation or the manufacture of bags, so that we may take it that they were right in their opinion. Normally there are computed to be nearly as many sacks in this country as in the whole of the United States of North America, and ten times more than our crop figures justify when compared to those of our Northern neighbours.

As regards the provisions of bags for our coming harvest we have got so used to pessimism that one can well wonder that any attention is paid the matter at all. There is no denying that it is possible to go on importing and importing until the supply of jute runs dry, if all the prognostications are listened to; in fact, the shortage serves us very well as a lesson to draw our attention to the need of limiting our useless expenditure.

That the situation is taken advantage of by the speculators is deplorable, but we can hardly expect the sack brokers or the importers and exporters to change their methods of doing business or for the "señores especuladores", to forego a legitimate chance of profit, any more than we can ask our farmers to sell their grain at one price, irrespective of the demand.

The matter lies even less within the power of State intervention, for nothing can be obtained by the aid

of the Government towards making sacks cheap and abundant, otherwise in the last decade surely it would have been attained, for the "Poder Ejecutivo" has declared annually with surprising insistence that the problem of sacks was continually pre-occupying its best energies.

## GOVERNMENT INTERFERENCE

What solution can the State offer which has not had its trial, and failed? If the Government is in a position to facilitate sacks to the farmers then undeniably the surest and cheapest way is to lend or give the money direct. All the projects of free imports, special facilities, etc. have come to nothing, and any roundabout way of free sacks or half-price sacks, string, etc. only leads to the money being spent in the interests of a few who do not need it to stimulate their energies, and in the long run add another burden to the already overtaxed country, and the sadly depleted treasury.

I do not pretend that the matter is either advanced towards solution by being left in the hands of the interested parties. Measures taken by interested parties are always open to suspicion, whether they are hailed as the saviours of the situation at the beginning or not; and there is no reason to attribute the failure to supply sacks to the satisfaction of all and sundry, to any shortcomings in particular of the Wheat Commission. It must be put down to the insurmountable difficulty of ever solving the problem along the lines adopted. As it is, the solution of the difficulty must lie dormant to be revived next year—if the crop is good. Only when the crop is bad do we hear nothing of sacks,—because there is nothing to put into them.

This year, even with the question of the sacks being left primarily to the chief buyers, the Allied Wheat Commission, which has sold 91,000,000 sacks, or sufficient for 4,000,000 tons and which by the way is only concerned, as is reasonable to suppose with its own purchases, we have seen a very good attempt made to allieviate the difficulties over sacks, which we may be sure could not have been improved on had the Government undertaken the matter exclusively.

In allowing a foreign committee to occupy itself with the task the authorities certainly followed a very good plan, but if this is to constitute a precedent then we have finally arrived at the resolution that those who

want our grain must bring their own "en vase" to take it away in.

I venture to suggest that if our purchases of prime necessities abroad had to carry with them the obligation to send our own boxes and bags to fetch them away in, we should be the first to criticise, and loud and persistent would be the press campaign denouncing the business ineptitude of the firms and countries favoured with our orders.

There would be, too, the inevitable demand for a rebate on the price in order to compensate for the trouble of remitting the "en vase"; and goodness knows how many cases of dispute over the payment, for no one would have much sympathy with such unbusiness-like people. That the houses we buy from should give us ample credit we would find but natural after all the trouble we had been put to. I do not think that much sympathy would be aroused in our breasts over their protests, if we decided that they should have to pay us for the "en vase" we remitted them for the despatch of the goods we had favoured them with buying, nor do I think that any of us would even carry our altruism so far as to consent to return them the money they had paid us for the "en vase" in which our orders arrived, and which we had been forced to remit because they themselves were incompetent to deliver the goods without our aid.

#### A STATE PROGRAMME.

How can we talk of "negotiating" the sale of our products when we are so absolutely dependent on our clients even to the extent of the very "en vase" without which we cannot move them from off our doorstep?

In any case it is certainly undignified to have to confide the solving of our difficulties to strangers, even if they are our best customers and stalwart supporters of ours.

The Government has made the experiment which has served to demonstrate that if the State cannot solve the problem of sacks, neither can private enterprise; nor both combined.

Next year we cannot depend on the same solution being attempted: we must now look for a completely different combination, and there is no other but to modify our customs, limit our demands for sacks, and adopt bulk handling and the elevator.

As I remarked before, the turning of the sack problem into a hardy annual is not advancing its solution a whit. There is no other solution than elevators, because the whole difficulty is brought about by maintaining artificial conditions of trading which will disappear as if by magic once the problem is properly understood and properly remedied.

The day that proper cereal deposits, elevators, grain silos, or wheat bins on modern and scientific lines are put down in this country the sack question will no longer exist, any more than will half a dozen other apparently insolvable questions concerning our rural prosperity, and which inflict on us unwarranted losses.

The Government can finish with the sack question once and for all by undertaking an elevator programme, either on its own account or offering such facilities that private enterprise will find it as remunerative as any other line of investment.



**MONEY ITSELF IS ONLY A FRIVOLITY,  
A FUTILITY.**

It has value only by Law and not by nature, inas-  
much a change of agreement among those who use it can  
depreciate it completely and render it completely unfit  
to satisfy our wants.

**ARISTOTLE.**



# CHAPTER III.

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## RURAL CREDIT

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Credit and Capital

\*\*\* Loans \*\*\*

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Prenda Agraria

\*\*\* Mortgages \*\*\*

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Harvesting Loans

Banco Agricola

\*\*\* Warrants \*\*\*

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Financial Questions



# RURAL CREDIT.

## CREDITS AND LOANS FOR FARMERS.

Every year at certain periods, that hardy annual, Agricultural Credits come up for discussion. At the beginning of the season, demands are loud for credits or loans for seeds, towards the middle of the agricultural season the outcry is for harvesting loans, without which the crop is invariably about to "malograr", and finally at the end of the season when the crop is definitely harvested, still more urgent demands are heard for even yet further loans to enable the farmer to market his products; from the beginning to the end anguishing calls for money or credit in some form or the other.

Customarily, the easiest way to explain the demand for loans is to attribute it to the absence of capital among farmers and to the haphazard way of working without any proper funds of their own, etc. The same explanation suffices every year without any particular worry as to its truth, either on the part of the authorities, or the parties immediately concerned.

Before accepting this easy explanation it is worth while to examine the theory and practice of capital, as applied in the Argentine farmer's economy.

## CAPITAL.

Capital has been defined as the accumulated savings of labour, and of the profits accruing from the savings for labour. Insofar as it applies to the capital of the Argentine farmer, cereal farmer or chacarero, it is an admirable definition.

Whereas in industry and commerce, capital is accepted to mean the total sum involved, or its value as represented by the undertaking, in agriculture it is generally understood as the amount of ready cash and movables, implements, machines, horses, etc., the farmer possesses, apart from that actually invested fixtures, land, barns, etc. For our Argentine cereal farmers, capital is especially the means with which he counts on being able to carry through the year's business, that is, his own energy, his horses and implements primarily, and only secondarily the ready cash he possesses.

Owing to the system of land exploitation in vogue, by which less than 30 per cent. of the farms dedicated

to cereals are actually owned by the men who farm them, which means that only few of our farmers have found it convenient or possible to invest capital in acquiring land, into the majority of our farmers' calculations neither land nor houses enter, when he speaks of capital. In nearly every case a part of the farmer's capital is represented by the barns, "galpones", fencings, "tinglados", which he puts up for his own use exclusively, and generally in such a way as to be removed with the rest of his possessions when he quits; a contingency never very remote in his idea.

Capital, as represented in the case of 70 per cent. of the cereal farmers, is of dual origin; that represented in fixtures is contributed by one party, the land owner, that represented by movables and propelling energy is supplied by the second party the farmer, or tenant.

It represents the classical combination of the sure investment with the hazardous one.

### DUAL CAPITAL.

In the majority; then, of our agricultural undertakings, one party prefers to invest his capital securely—he owns the land, and to get a small but sure interest on his investment in the form of a fixed rent, usually payable in advance, while the other party prefers to risk all his capital, investing it in cultivating the land, and getting, if he can, a correspondingly high rate of return, or profit, one is compensated by the security of the rent paid, the other by the exceptional good profit, if the year turns out favourable.

It is true, we find all the varying combinations of participation in the final results of the years trading. Although, in general, the tenant prefers to take the whole risk, confiding undoubtedly in the compliance of the other party in case of disaster, in a small percentage of cases (the system of "medieros", which rules on 5 per cent. of the farms growing cereals,) the owner of the land prefers to forego the small but sure interest on his capital, and accepts the risks of cultivation, agreeing to take as rent a proportional share of the year's produce, but limiting his possible loss to that of the prospective rent.

The payment of rents is generally stipulated in money, but it is also common practice for the owners of the land to participate in the risks of the business by accepting part payment in kind, according to the final results obtained.

This is about the limit of risk which the average land owner in the Argentine will run in getting a return on his capital, as represented by the land, when it comes to cereal farming.

Only on 30 per cent. of the farms growing cereals does the capital invested in the land belong to the man working the land, and therefore exclusively depend on its owner for an adequate return. In the greater percentage of the cases, the return on the total sum invested by the two parties depends on the efforts of one party, the farmer exclusively.

All then that tends to assure adequate profit or to increase the return or profit must necessarily be advantageous to both parties, yet apparently the difficulties of one pass unheeded by the other.

The predilection of the Argentine capitalist is to invest his money in the land: it is the safe investment he seeks, he cares little whether others make largely from his investment. On the other hand the farmer or colonist is out for quick gains—he chooses to risk what capital he has in active exploitation of the land. This difference in point of view, in favour of the farmer may be attributed to the insignificance of the capital which he stands to lose by his spirit of enterprise, or in favour of the land owner to the facilities for exploiting the land, to the more economical results than if he were to attempt to work the land himself. Whatever is the true explanation of the causes which have led up to the adoption of the present system of land exploitation for cereals, in contrast to that adopted on the cattle runs or “estancias” where the owner generally prefers to take a hand in making the profit from his investment, the present system, which has led many to put forward the theory that the Argentine or “criollo” has no aptitude for cereal farming, has greatly contributed to the extension of sowings, to the progress of agriculture throughout the land. Whether it will continue to do so is the question to-day.

#### FARMER'S CAPITAL.

Capital. I use the word in the accepted sense, i.e. money, although it has really to be distinguished necessarily from money, that is, the gold, silver, or paper in circulation, and too, from the money deposited in banks, is dependent on profits; where its profits are greatest it goes.

Either in the past the profits on capital invested in cereal growing were greater, it was more remunerative

than at present, and therefore more easily secured, or demands were fewer for capital and therefore more easily filled. I believe that the first hypothesis is the better explanation. If demands for money are greater to-day than ever they were equally so are the funds available for financing the farmer; undeniably there is to-day more money in the banks than at any other period of the history of the country, (Deposits in banks \$2802 millions m|n. one half of which is in the Banco de la Nacion; in 1914 at the outbreak of war there was only one half the sum).

The axiom that capital in the form of personal labour yields twice the return as when employed in hired labour, has been vaguely understood by our small farmer, or "chacarero." He launches out on his own whenever he can and he limits his investments to movables, horses and implements, since they alone permit his working whenever and wherever the circumstances are most favourable. He finds this the most remunerative form of investment for a small capital as against the investment in land, which apparently only appeals to him when he can purchase it in large quantities, and on long terms of payment. He does not put his economics into land in the ordinary way.

If this is not the case then we must believe that farming in the Argentine Republic is a very unsuccessful business, indeed. Compared to the amount of land owned by the farmers actually exploiting it elsewhere in the world, in Australia, Canada, New Zealand, U.S.A. of America, the Argentine farmer is a beggar; he holds less than one third of that possessed by his competitors. In proportion they are proprietors of three times more land than the whole lot of Argentine farmers.

Because our farmers put their money, then, into money making implements, because this seems the most suitable and common form of investment, it does not necessarily follow that it is very profitable; the continuous call for remedying the cereals farmer's distress, and the restricted improvement in agricultural methods seem to indicate that even with all the facilities of the present system, profits from cereal farming are small as a rule. It is a well known fact that agriculture progresses when profits are good.

In order to enjoy economical independence, our average farmer has saved; and has to save. He abstain from consumption, by denying himself the present enjoyment of his means, in the hope of future profits. He will not economise unless he has some adequate advantage from so doing, nor will he do so, unless he can attain these ad-

vantages relatively quickly. The more he can economise the more he will do so, the less profitable the nature of his work, the less he will be induced to economise. This might be held in view by many when qualifying the characteristically spendthrift nature of the average countryman.

### FARMING AND LAND OWNERSHIP.

To attain his relative independence, to be able to prosecute his undertakings on a large scale, or invest his economies in permanent security, he is obliged to live poorly, to spend little or nothing on the commodities of life, to live the characteristic existence of the average Argentine farmer, which we all join in recognising falls very short of an ideal existence.

Statistics demonstrate that the Argentine farmer produces much, and that the average farmer's capital is very low; that he is producing extremely economically in comparison to the capital inverted. By giving him more capital, he would undoubtedly produce more, but he would not produce more economically, that is unless he adopts other methods at the same time. An increase in capital under the present circumstances would mean decrease in profits and more so would this be noticeable, if the increased capital accorded him were invested by him in land, that is if he owned the land he worked.

If the capital necessary to acquire the land he works were to be advanced at the present rates of interest, he could not profit by owning the land. The only way to acquire the land he farms is to do it with the money he economises, therefore under present circumstances it is useless to advance the fact that because he does not own the land, he is labouring in vain.

At the present rates of interest he can only acquire additional capital at a profit to himself, provided he can turn it over quickly and by rapid returns increase it sufficiently to pay the high rate of interest charged normally, and still have sufficient left over to make the venture worth while repeating. Under the conditions ruling to-day, to attain this the cereal farmer undertakes the exploitation of larger areas than experience demonstrates prudent with the funds at his disposal. With the exiguous capital at his disposal he begins, counting on credit (or a third party as capitalist) to carry him through.

To supplement his capital, he does not as a rule

and as the real interests of the undertaking might lead one to think expedient, appeal to his first capitalist, (or land owner) for whom as a rule all interest in the business has disappeared once he has secured his rent or his share in the enterprise. He must rely on an entirely new party and this is the person interested in securing the results of his labours in the majority of the cases. He demands credit, or what is the same thing practically, additional capital, when he has something definite to offer as security; he calls for money when production is accomplished. Up to this time, with a minimum of capital he has achieved production.

### ECONOMICAL CAPITAL.

The alternative of the present system, a limiting of the area sown, of the scope of action commensurate with the funds available, in order to carry on without the aid of further capital, would reduce production generally, for without adequate preparation the same results would not be attained from a small area, nor would that produced cost less than under the existing system.

The minimum of capital backed by the energy and enterprise of our farmers can produce abundantly and economically: the absence of adequate capital to begin with is not the real reason of our farmer's distress. His distress commences much later, when the results of his labours are apparent, when logically his difficulties should cease. With the entry of the third party in financing the crop arise all his difficulties.

Economically speaking it is not the want of Capital from which the farmer suffers, but from the want of an intelligent system of credit; this is now being more and more understood, and that attempts are being made to remedy the want is evident by the innumerable projects which are annually proposed.

Why that which exists in amplitude for commerce and industry should fail for the farmer is hard to explain rationally. The easiest explanation is the absence of real knowledge as to the causes, and the indifference on the part of both the parties concerned; the one in remedying them, and the other, in the remedy—the State on one hand, and the farmer on the other.

The difference as to rural credit is not to be attributed to the precarious nature of the undertaking, for credit is nearly always sought when production is achieved. The speculative nature of the security is a

reason, but not sufficiently strong to account for it altogether, since for the most speculative of commercial enterprise money abounds. Neither can the absence of commercial integrity be advanced, for farmers are notoriously honest.

One explanation is the somewhat reduced profit of the business, since the demand is for cheap money, and this pre-supposes a small profit for the borrower and little interest for the lenders of the money, unless they are able to add to the legitimate interest of the money advanced, an additional gain through other operations in connection with the business.

### CAPITAL AND PRODUCTION.

Credit exists for the cereal farmer, he monopolises one fifth of the total credit of the country, therefore it is not a question of credit insufficiency, but rather of the means by which it is accorded.

The remedy, apparently so easy to advocate—State credit direct to the farmer, is out of question; under the most favourable of circumstances the participation of the State cannot cover more than one hundredth of the sum required. Credit extended in one form or another for agricultural purposes, apart from that accorded the farmer by the land owner, amounts annually to over 2000 million pesos paper. No State, however rich, could undertake to monopolise credit for agricultural purposes.

The theory of credit is based on the facilities for repayment. By facilitating matters so that repayment is easy, the greatest step towards securing credit on good conditions is made. The essential thing then is to afford the farmer the good conditions, the facilities for repayment from the adequate returns on the money advanced him, and a profitable margin over and above all for himself.

In my opinion then the persistent call of the farmer for money loans or credit to work his business are not so much due to the faults of his ways, or to his absence of true capital, but to the haphazard and deficient way in which additional capital, or money, is obtained by him, when compared to the sound and orderly organisation which prevails when similar credits are demanded for purely commercial purposes.



## CREDIT REPLACES CAPITAL.

It is then not Capital he needs but credit.

It is a well known axiom that all progress or extension of trade, generally speaking, is partially due to the greater facilities for procuring capital in the form of credit for trading purposes, that the greatest utility or profit is derived, not from the possession of capital, but from its intermittent use: that the most rapid increase of capital is attained when it is continually employed, that is, when it is passed from one hand to the other according to who has the most productive use for it at a given moment.

On this is based the whole theory of banks and banking.

Up to recent times, a man, merchant or farmer, possessed of enterprise and personal energy, had great difficulty in obtaining command of additional capital. His sole means was a direct partnership. During the past half century the objection to lending money without reserving the right to veto its expenditure has given way and it is to the evolving of reciprocal good faith, of what is known as commercial integrity, that half the progress of this country and every other is bound up. Progress, as understood in the modern sense of the word, is the facility for acquiring means to exploit one's own energy or enterprise, or simply in short, credit.

There is no industry, commercial or agricultural, that is independent of credit nowadays, there is no dishonour in applying for additional capital for one's undertakings, whether in the form of credit at a bank, in loans on securities, or simply advances from interested parties.

It is well understood that there are few enterprises that possess sufficient capital to be absolutely independent of outside aid; to possess sufficient capital to be independent of credit does not imply that the most is being made of the said capital; nor is a country richer because its commerce is independent of loans, or its banks full of money.

The capitalist, directly or through an agent, the bank, is willing to lend, to take a share in the profits of trading. Custom alone has established the conditions on which he lends. For purely commercial enterprises, curiously, the rates and conditions are in proportion to the shortness of the period of the loan, which confirms the statement of a quick turn over being the most profitable, and seems to point out that one of the essentials

to successful lending is to be able to return the money quickly.

### BASES FOR RURAL CREDIT.

In examining the interest required for different classes of loans, one remarks that on an average loans for agricultural purposes, pay a higher rate than ordinary commercial advances, the difference is generally more than twenty per cent. Theoretically the higher the rate of interest the greater the risk: one of the preliminary steps to efficient agricultural credit, then, is to reduce the risk.

The practise of trading on borrowed capital is now so common, and the development of the banking system has made it so easy for commerce, that it is a most natural thing to obtain funds. The limit of one's business is not bound up in one's capital, nor is one's credit limited to the actual extent of business undertaken, but rather in what is known as one's commercial integrity.

None will deny that it is on these facilities for credit that the whole economic edifice has been built up, and that the perfecting of the system and the creation of new sources of credit will give still greater scope to the enterprise of the inhabitants.

A recognised principle of sound Government is the seeking for new sources of credit and introducing them into the customs of the country. It has been recently exemplified in the attempts to establish a new banking entity for agricultural purposes, in the creation of the Prenda Agraria, etc. It is to the interest of all, and particularly those called upon to direct the affairs of State, to study and facilitate every means whereby ample and efficient credit can be obtained.

I do not pretend that Credit can replace initial Capital: capital in some form or the other is not less essential to the farmer than to the business man or industrial; it is of prime importance that the owner or exploiter of the land should possess cash sufficient to work the land and make the improvements necessary. If the farmer possesses nothing he is wasting the land and his time.

Given the nature of the undertaking, the conditions ruling in the country and the consequences of a policy avowedly favouring the occupation of the land, no matter by whom or how, the absence of capital, other than the initial sums inverted in beasts and im-

plements by the farmer, can be more easily replaced in our farming by proper credit than, for example, in the case of commerce or industry. The establishment of ample forms of credit will free our farmer from all the natural difficulties of his enterprise (generally put down to the want of initial capital which I have endeavoured to show is more imaginary than real). The use of credit stimulated his progress in the past, on credit he has achieved his success of to-day, and on still ampler forms of credit there is every reason to believe he will accomplish greater things; primarily increased production with increased gains for himself.

When dealing with facilities for trade, all tendencies of modern thought are for ample and extensive credits, and it must be apparent to serious reflecting persons, that the same question underlies all the solutions regarding our farming and agricultural progress.

### FARMERS' WAYS OF RAISING MONEY.

Previous to entering on the ways and means by which agricultural credit may be extended or amplified, let us examine the methods whereby the average farmer satisfies his needs for money under the present circumstances.

Generally speaking the securities in which money can be raised are: on the land, by mortgage; on the implements, by the Prenda Agraria; on the products, by warrants or by advances from the purchasers, brokers of grain, etc.; on personal integrity, from banks or private parties, by means commonly of his signature backed by two other responsible parties or finally by partnership or participation in the final profits, according to the sum loaned. This latter is rarely accepted as a recourse except under dire necessity by a farmer.

On all the modern methods of raising money only that of Warrants is not in common use among our farmers.

Funds are obtained either direct from the capitalist, through the intervention of the banks, or through the local tradesman, the grain brokers or almaceneros; in practice the money is rarely handed over, commonly an equivalent is accorded in credit, to be drawn on as required.

Statistics show that the sums accorded on an average are small; relatively the demand is for small sums, \$10,000 m|n. in the case of the average cereal farmer.

As to the time of the year the money is required it is generally at the end of the season, for harvesting purposes; rarely at the beginning of the season, although occasionally for seed loans are made but they are more the exception than the rule.

### MORTGAGE.

The first source mentioned, that of mortgage, is the classical resource of the land owner. Due to the system of land exploitation in this country, it is rarely of use to the average farmer. As I have already remarked, in Argentina less than 30 per cent. of the farms are owned by the folk who farm them; 70 per cent. of our cereal farmers are tenants. In the U.S.A. 60 per cent. of the farmland is directly worked by the owners, 6 per cent. by managers, and the remaining of 25 per cent. by tenants. There are 10 owners to every one tenant farmer in the U.S.A.

In any case, as far as the owners of our small farms are concerned, they utilise mortgage to its utmost extent, for out of every 5,000 mortgages registered, some 3,000 are inscribed on farms of less than 300 hectares, and of these, two thirds are for sums of less than \$5,000 m|n. Experience demonstrates that sums of less than \$30,000 are the most difficult to raise on mortgage; on farms or rural properties up to 200 hectares the relatively easiest sum obtainable by mortgage runs from \$2,000 m|n. upwards and rarely exceeds \$10,000. In the majority of cases, mortgages on small properties do not have their origin in actual monies advanced, they figure as securities for the future payment of the monies owing on the purchase price of the land, and form part of the system of land purchase by instalments.

As to whether any and what steps can be taken to make mortgages popular, I believe there is no possible solution to propose which will make money easily obtainable through this system until the land is owned by the people who farm it, for without this to begin with there can be no mortgages, since mortgage is bound up in the possession of the land. Here I would like to point out that by facilitating the means, or altering the bases, on which money can be obtained on mortgage, the subdivision of the land is not advanced; on the contrary the effects are to retard the dividing up of the land. In the greater percentage of the 5000 cases of mortgage registered throughout the Republic annually, if the

right to raise money on mortgage were abolished, or the security on the land affected, or the facilities for mortgaging land curtailed in any way, then presumably if the owners of the said properties really needed the money, they would have to borrow on their signatures as in commerce, or sell a portion of their land.

The figures over mortgages inscribed in the Republic annually, show that the land held back from sale owing to the use of mortgages, is equal in normal years to that actually sold; for instance, last year over 5,000,000 hectares were kept out of the market through three thousand persons advancing money on them. If the subdivision of property has anything to do with agricultural prosperity then obviously mortgages are the chief obstacle, since twice the land would be sold annually without them.

If the argument is in favour of State aid for mortgage loans, then a glance at the field of action already covered by the National Hypothecary Bank, shows there yet remains much to be accomplished, for despite the excellent organisation and immense capital of the bank, it only participates in relatively few loans (in less than 16 per cent. of the total loans on mortgage last year).

Last year 650 millions c.l. was returned as placed out through the agency of the Banco Hipotecario, in the form of rural loans; however, during the last ten years, (the minimum term at which the State advancing money on mortgage can expect to be re-imbursed) something like 2000 millions has been invested in mortgage loans.

Apparently there is a steady decrease in the demand for money on mortgage over the last eight years, which perhaps may be read as a signal of the limit of our rural progress. Despite the fact that the Banco Hipotecario operates with considerable freedom, nevertheless it has increased its holdings in cash from 30 millions in 1914 to almost double the sum in 1918, and its reserve funds from 35 to 64 millions in a like period.

It is difficult to imagine where there is room for another bank, and how, in any case, a Banco Agricola can accomplish anything useful in this sphere.

Into the facilities with which mortgages should be accorded, into the utilising of State credit for the purpose, the utility of the Banco Hipotecario and the advantages that mortgages offer as a solution of rural credit, I cannot enter here. Suffice it to say, that mortgages as a means of rural credit are no longer the panacea of modern rural progressists; nowadays mortgages are only

held justifiable as a primary resource in facilitating the acquisition of the land, otherwise as a last resource.

Modern tendency is all in favour of short time loans on easy realisable securities and experience is against making the land a means of securing money. It is hard to explain in these modern times why more than ordinary security should be required of the land owner, except as a recompense for letting him have money at exceptionally low rates of interest, which is decidedly not the case in this country.

The use of the land as a means of credit has been found to tend to diminish production, and since the natural and proper use of land is the production of materials of food and clothing, anything that injures production should be obviated. All over the world debt is the trouble of all farmers. By making this indebtedness less permanent we greatly reduce its hardship.

### PRENDA AGRARIA.

In regard to the second means mentioned of credit, that of raising money on his farm implements, the passing into law of the Prenda Agraria has facilitated the task and fixed the ways of lawfully carrying the contracts out.

The incorporation of a system of loans in cash, specially guaranteed by movables, such as animals, machinery, implements, produce, and other rural values, has proved highly beneficial, and has given sufficient results during the short time for which figures are available to prove the utility of the proceeding. That the Prenda Agraria has not developed vastly, nor acquired the amplitude expected, is to be attributed to the relative smallness of the total value of the securities, more than to the absence of means for properly utilising the law to the fullest extent.

That it has facilitated loans is undeniable, but that it is necessarily limited in sphere of action is evident when the poverty of our farmers is taken into account, precisely in those goods which are easiest accepted as securities under the Prenda Agraria.

In the U.S.A., for example, the value of agricultural implements owned by the farmers is calculated to-day at approximately \$2000 millions gold and in this figure the value attributed to the farm animals for labour purposes is not included.

Although there are no available figures regarding the total value of agricultural implements here, a rough

calculation of those possessed by our cereal farmers does not allow a total value of more than \$150 million gold, including animals for labour purposes. Loans accorded and registered under the Prenda Agraria since its institution have not exceeded a total of \$35,000,000 gold on all classes of security, so that despite the relative smallness of the farmer's capital there is still a wide scope for action for extending the benefits of such credits.

The great defect of the Prenda Agraria is its little attraction for bankers, owing in part to the fact that in case of failure to repay the loan the banks cannot, without considerable trouble, take possession of the security or adequately guard its proper conservation. The intervention of the banks is limited to accepting the "prenda" for discount through a third party. The Prenda Agraria is essentially the remedy or security against total loss of loan made by the private capitalist. In this respect it would be interesting to have a detailed return of the actual figures of the loans, and precisely how and through what channels they were accorded, or secured.

Here we again must point out the disadvantages accruing from the absence of the land owners in the business of working the land. It is undeniable that advances to the tenants or colonists would be easier and more secure under the Prenda Agraria, if they came through the intervention of the land owners, and the advances from the banks were direct to the owners of the farms. There is certainly no reason why the owners of the lands farmed should consider their interest at an end in the business once they received the rent, or that the "colonos" should deny themselves the advantages of the cooperation of the proprietor of the land.

The according of loans under the Prenda Agraria is bound up in the question of personal integrity; in fact the Prenda Agraria is really a supplementary security behind loans accorded purely on the conviction of the moral responsibility of the solicitant.

The creation of the "Prenda Agraria" was not as a means whereby a debtor might enforce payment. It was conceived in order that a farmer might obtain money easily, the "Prenda" itself being a minor matter.

As has often been remarked, the present "prenda agraria" law seems to have been enacted under the conception that it was a manner by which money might be obtained, by the creditor more than by the farmer.

There was no insistence during the discussion of the projected law in the Congress, (possibly, it was mentioned) as to how the farmer was to get the funds, still less indications of the way to obtain them at a minimum cost. This had to be evolved later on.

Here I would like to record that in the United States, attempts have been made, and have been crowned with success, to accord loans to solicitants without any further security than their word of honour to repay the debt. Notable, indeed, have been the results, especially where the solicitants have been poor people, relatively speaking, seeking loans for the purchase of tools and implements for their respective tasks.

### LOANS TO FARMERS WITHOUT SECURITY.

But do not, for example, Government employees obtain loans without other security than their prospective salaries, or rather on the future prospects of their getting their salary?

To return to the Prenda Agraria, any attempt to make the security under the Prenda Agraria other than a relative secondary security would call into being such complicated proceedings as to destroy its fundamental basis, i. e. a rapid method of obtaining money at relatively easy terms.

An extension of credit under the Prenda Agraria is not to be expected at present; it will take place presumably as the wealth of the farmer increases and in proportion to his facilities to utilise the money advantageously. In the mean-time whatever contributes to increase the wealth of our farmers in agricultural tools will equally help to expand the Prenda Agraria.

### CEREALS AS SECURITY.

Although the Law of the Prenda Agraria enumerates among its securities, "agricultural produce", that is to say, cereals, etc., loans on such are practically non-existent. Had they been practicable there is every reason to suppose that with the enormous amount of cereals still lying about on the farms, there would have been but few farmers who would not have taken advantage of the reputed security and obtained money thereon in these times.

As we see, too, the Warrant Laws, also destined to facilitate business and credit on cereals in particular,



have likewise not attained any success in this direction; attributable primarily to the absence of efficient security or storage for the goods offered in security.

Loans, then, on produce are limited to advances from those interested in acquiring the said products, that is to say, the cereal brokers or the *almaceneros*.

## PRODUCTION, THE CHIEF SOURCE OF CREDIT

I may here draw attention to the fact that, practically speaking, loans for the farmer, or rural credit in the great majority of the cases, are only obtainable on what the farmer produces, or is about to produce.

His products are his sole means of credit, their prospective value limits the extent of his credit. The conditions under which he obtains advances, the rate of interest, and the limit to the amount of the advance are fixed more or less by his prospective crop and its value on the market; his profits are not dependent on the value of his crop on the world's market, but on the conditions under which he obtains his loans.

When we study the conditions under which the greater part of this rural credit is accorded we see that as far as its sources are concerned the most of the money comes through private sources; the banks play a minor part in financing our farmer, that is in financing him directly.

Not more than 20 per cent. of the money lent to the farmer is obtained from the banks direct, at current rates of interest and customary "plaza".

The greater part of the money lent by the banks for agricultural purposes is accorded the commercial houses, which in turn pass it on to the farmer. The limited number of local rural banks, the facilities of commercial credit through the "casas mayoristas", the huge capital of the principal grain-broking houses, all tend to make loans direct to the farmer extremely complicated, and loans to commercial houses exceptionally easy.

## THE CHIEF SOURCE OF CREDIT.

Let us examine the working of a farm in the ordinary way, and the customary manner in which credit is used by the average farmer growing cereals.

We will take, for example, a cereal farmer growing grain on a farm of some 200 hectares, which according to the statistics represents the average extent

of land of a farm cultivating cereals. The average total capital on such a farm we may calculate, apart from the actual value of the land, that is, the actual capital of the farmer, does not exceed \$10,000 m|n. and therefore there is a need of credit in order to carry through the total operations of the year.

Primarily in order to work his land, the tenant or farmer has invested half his capital, or some \$5,000 m|n. in implements and horses.

The rent of a farm in the cereal zones at the lowest calculation accounts for \$1,000 m|n., which is the first six month's rent, assuming that the second quota be payable after the Harvest.

Preliminary operations, that is during winter and Spring, plowing, sowing, and living expenses absorb \$1,000, and seed another \$1,000 m|n.

### SEED LOANS.

In regard to seeds and advances for seeds, except in a few cases where these are advanced by the owners of the land or by the agent who undertakes the "colonising" of the land, only in years of absolute disaster does the *colono* look to having seed advanced him, that is to say in years when previous disaster has left him no additional working capital in cash at all. When he has no visible crop, has no prospects of having one, he cannot look to the customary sources for credit,—to the grain houses—although when there is any possible chance of the year turning out favourably in the long run, they do occasionally advance funds for seeds, of course at their terms. The "chacarero" can, it is true, depend on the "almacenero" for limited credit in supplies, but in really bad years, in cases of dire need, he relies on official aid, and to the Government he turns when other sources fail him. He generally limits his demands on the Government to the advancing of seed.

The experiences of loans or advances of seeds have left behind them the feeling that the average Argentine farmer is endowed with a good amount of persistence, and also with all the customary honesty associated with rural folk.

During the crises of bad harvests, which extended over several years in the South particularly, and which were the occasion for a good deal of pessimistic talk, the advances made to farmers for seeds, were all repaid. The different bodies to whom distribution was confided, the railways, the local committees, the grain

houses, etc., were unanimous in recognising how the farmers responded to the efforts made on their behalf. Despite the fact that the harvests were not abundant the loans for seeds were repaid in 90 per cent. of the cases. Later on, it must be admitted, when the advances for seeds were renewed and were made a question of political convenience, and were accorded other than in cases of absolute need, the percentage of repayment decreased rapidly, only 50 per cent. paid back at the given date, 20 per cent. of the advances never being refunded,—the highest percentage of loss recorded,—and considerable sums had to be written off as bad debts. This led to the many incriminating denunciations as to the bad faith of the farmers, especially when the loss had to be borne by the Government. This result was prognosticated by the writer at the time after a tour through the distressed area. The grain houses who advanced seed largely, did so as commercial undertakings, only in cases where they were sure to recuperate. They had no losses to record; the apparently insolvent were confided State help, as they always must be. This applies in all cases when State aid is accorded farmers. For seed, then, only in bad times have our farmers to confide in outside help.

### HARVESTING EXPENDITURE.

Returning then to our examination of the inversion of his capital by the farmer, up to the time of harvesting he has inverted all but \$2000 m|n. of the five thousand pesos which he possessed on initiating the year's labours.

For harvesting expenses, reaping, binding, stacking, labour and food, this remaining \$2000 will have gone; the cost of these latter on about 200 hectares farm is approximately \$2000 m|n.

By the time harvest is in full swing the average farmer has no more money in hand for working expenses, and he must accept a loan in order to finish off the work of threshing, bagging, carting, etc., for which he requires about \$4000 m|n.

Up to now he has, I maintain, worked as economically as the circumstances permit, he has not had more capital than absolutely necessary for the business undertaken, no idle capital in the bank, however, much he would wish it (and agricultural experts dwell on its necessity). The business has been financed between the

land owner and the tenant, but the third party in financing the year's business now appears.

### THE SOURCES OF HARVESTING LOANS.

The additional funds are obtained, either by soliciting credit from a bank or from the local "almacenero" or grain broker: these are the customary sources. In this first case, when, from the banks this must be done personally and at least three weeks before harvesting time; in the second case if from the grain broker or "almacenero" at any time right up to the moment he requires the money. It is needless to dwell on the advantages of the latter, and as a result the last named have the preference over all others.

### WHO ADVANCES THE MONEY?

When either of these latter advance the money, or the sacks which represent in normal times about \$1000 m/n., or accord the credit for the threshing of the wheat, some \$2000 (generally done farm by farm in turn, by contract, with the owner of the thresher, at a certain date fixed to suit conveniences), or arrange for the cartage to the station for delivery, it is generally after the farmer has conformed to a contract whereby he binds himself to sell his produce to his creditor. He agrees to deliver his crop to him at a certain date, at a fixed price agreed upon there and then, or at a price equal to that ruling on the market on the day of delivery, which is fixed by the party lending the funds. If the farmer does not compromise all his crop, at least he has to agree to sell sufficient to cover his liabilities. Generally he prefers to sell in one parcel; it is more convenient and he runs less risk and has less trouble.

### LOAN CONDITIONS.

Loans, when accorded by the grain broking firms, are generally payable within two months, and carry with them an average interests of 8 per cent., which interest is deducted previously. A further provision is that the lending house shall pay a few cents less than the market price actually ruling, as a special consideration for having lent the money. Penalties are generally attached to the contract for failure to deliver the quantity contracted. Needless to say the creditor reserves to himself all the rights customary in case of default

and can declare his debtor bankrupt and seize his belongings under the usual form of legal proceedings.

That this arrangement is altogether equitable is doubtful.

### 174 PER CENT. PER ANNUM.

A strong light is thrown on this by an interesting arbitration case which was submitted to the Bolsa for decision, some time back.

A grower on a large scale, borrowed \$50,000 m|n. from one of the leading grain-broking houses, undertaking to pay 9 per cent. interest for the two months and also to sell them 10,000 tons of cereals at 10 cents per 100 kilos under the current price, on the day of delivery. That is to say, a \$10,000 m|n. bonus on \$50,000, plus interest for the two months, which is already at the modest rate of 60 per cent. per annum; the total cost of the advance working out at \$174 per cent. per annum. The unfortunate grower was unable to deliver more than 2000 tons, and the claim was for the difference according to the contract.

I am glad to say that the Bolsa decided in favour of the grower, as far as it possibly could within the terms of the contract, especially as it was disclosed that the settling price of the 2000 tons, with which the original was cancelled, had been fixed at considerably below the actual market value.

The facts are beyond question, and actually the interest amounted to nearer 200 per cent. per annum than the figure given above.

It is claimed, on the side of the exporters, that they have no wish to do this sort of business, but it is forced on them, and they are obliged to demand a fabulous interest to compensate for the risk they undoubtedly run of making losses. On the other hand the grower is obliged to obtain funds to harvest his crop, and it is presumed that he cannot better the terms elsewhere, otherwise he naturally would do so.

Even recognising that each side has some reason in its favour such cases are to be deplored, and it is a disgrace to have such cases brought to light. Their perpetuation is a standing menace to a sound economical condition of agricultural pursuits.

If this is any criterion as to the way all our farmers are exploited over advances for harvesting, it is high time the law stepped in to fix some limitation of interest. In other lands money lending is subject to

law, but such cases as the one cited puts all customary forms of usury quite in the shade.

### WANTED: AN AGRICULTURAL USURY ACT.

I would like to remark, by the way, on the procedure observed by the farmer in the case cited, in his endeavour to obtain mitigation of the onerous terms to which he had agreed.

He cannot appeal to the Law Courts, to protect him, as he could everywhere else in the world. On the contrary, once having agreed to the harsh terms imposed on him, at his creditor's call the Law steps in and sees—not that they are mitigated—but that they are carried out to the letter.

His sole hope, if the other party will not forego its pound of flesh, lies not in an appeal to justice, but to the Grain Exchange Board, a private Board, without executive power, whose decisions have no more than moral force.

In the case in question it is seen that after investigation, the Board does its best to mitigate the terms, and with this moral force behind him, the victim is able to come to terms, not over the capital sum lent, this having already been returned in kind, but over the nearly two hundred per cent. interest.

The question may well be asked how such a state of affairs is possible, and whether nothing can be done to remedy it by the law or by the authorities.

The same thing is brought to light and reported on in the press year in and year out; with each case it apparently grows worse, and nothing definite appears to be done either by the farmers themselves or by the authorities to improve matters, although such distress which forces the farmer to accept usurious terms ere he can count on harvesting his crop, hard sown and harder reaped, and such speculation on the part of the parties who are called upon to lend him money, seem to cry aloud for investigation. Should not one single case of nearly two hundred per cent. per annum interest be sufficiently biting to arouse either one party or the other to something practical? There is more than enough theory lying around for laws and amendments, what is required by this time is something more than mere propositions. It might be remarked that surely the duty of the farmer is to bring the matter before his deputy, if he wants it remedied by law, but I venture to point out that annually in the Chamber the discus-

sion ranges over a wide field of agricultural reform, without any visible or concrete effect, and unless the denouncing of a flagrant case is taken advantage of to secure reform, later on the question will become merely one of academic interest, for discussion only. How much faith can the average rural voter have in the efficiency of his deputy's action, and how little can he expect from Congress needs little further proof, since cases so vitally interesting to each voter in rural constituencies have not been deemed worthy of the trouble of calling the attention of the Chamber by one solitary deputy.

What are the expectations of the farmer?

The funds necessary to harvest his crop he must have or lose the money spent in preparing and sowing the ground; he has undertaken the business on the basis of finding sufficient funds later on to carry him through. Without such hopes half the land would never be put under cultivation for cereals.

In anticipation of a splendid crop he applies to the bank, but rarely it is that he has not the customary reply, "No hay fondos", unless he belong to the favoured few of the bank's best clients. This is very logical on the part of the bank manager, for how few of the "charcareros" have money deposited in the bank the greater part of the year? Previously, he has read in the press and he has been assured by official announcements, that the Government has the matter in hand, that the Bank directors are taking every precaution to see that there is money available for all and sundry, etc., that this year is to see an end to the customary shortage, etc., and he hopes, too, that this year some of the money will find its way down to his zone.

He is well aware that although the local bank, (in rural parts almost exclusively the Banco de la Nación) has not money to lend out to cover a tenth of that needed for harvesting the grain in his zone, the grain brokers and their agents have always more than enough, but on their terms.

He can turn to the local "almacenero", to whom he is assuredly in debt, not necessarily for money. The customary extensive credit easily accorded farmers in good years, and the stringent credit rarely denied farmers in bad years, nearly always finds our cereal farmers with considerable balances on the wrong side by harvesting time.

#### LOCAL CREDIT.

In many cases, the "almacenero" is the "acopia-

dor", or agent for a grain-broking firm. From another standpoint the "almacenero" cannot allow more than a limited credit, without unduly risking the account by making it too large. In no case will the terms of the loans be improved, for competition is rarely sufficiently severe to favour the farmer, though he visits all the "almaceneros" and grain brokers' agents or "acopiador" in the vicinity, and puts off accepting their terms till the last minute.

When he has accepted the best terms he can get, the lender, only in exceptional cases a person who is not party to purchasing his cereals, generally prefers to deposit the sums or the amount of the credit with one or the other of the "almaceneros," who act generally as the local bankers.

It is almost impossible for the average farmer to do without the "almacenero", and there is no reason to attribute any particular blame to the "almacenero" if he takes advantage of the system in vogue. Everybody is out "to make his America", and there is no denying that the "almacenero" works as hard as any one else in the process.

The "almacenero" stands and falls with his clients the farmers, he advances for their necessities, pays the labourer, on their chits, acts as the farmer's agent in nearly everything, and demands to be recompensed accordingly. Where the risk is greater he recuperates in higher charges.

The farmer, with the result of his year's labours in sight, twixt devil and the deep sea, falls to the first who offers the least difficulty in handing over the necessary funds.

He receives the money at a nominal low rate for the short period he requires it, but binds himself to sell his cereals at cheaper than the actual rate ruling at the date of delivery. That he rarely makes a good bargain is not his fault, he does his best; that he often makes a bad bargain, well grin and bear it, if he can't get out of it.

As we have seen, he generally runs great risks, but he does so, it is true, when nominally the chances are equally great for the other party. He may fail to harvest the quantity he has expected and agreed to deliver, he may have to buy elsewhere to make up the amount and if he does so he will have to pay more for it than he himself receives for his own crop, otherwise, unless he comes to terms with his creditors, he is a defaulter and can be hauled up before the law and made to pay.



that is, if he has anything with which to make it worth while going so far. In the worst of reckonings for the average farmer the debt, if any, will be allowed to run over to the next year, so if he grumbling agrees he accepts the conditions.

As far as the farmer is concerned, his part of the transaction is pure speculation; he may or may not be left with profits. The chances of gain at the conclusion of his labours are few. They have been passed to the other party, who has stepped in to his aid at the last moment.

### SPECULATIVE LENDING.

Normally, then, the farmer is financed by the parties interested in his products,—the grain brokers,—who, in order to conduct their business, are obliged to turn themselves into financing agents.

Under normal circumstances, this, while pointing to limited financial combination in the organisation of the agricultural or cereal growing industry, in conjunction with a primitive system of land tenure which allows the land being exploited by those without the customary resources for such undertakings, would not necessarily mean that anything objectionable was to be found in the system other than its costliness to the one party. However, when we examine the actual workings of the system in all its branches, especially, that part dealing with the sale on the markets and the costly manipulations which the system permits, real hardships and injustices become decidedly apparent.

### GRAIN-BROKER'S LOANS.

Grain buyers advance the money to the farmer, under the guarantee, first, of the signature of the farmer on his "pagaré" at 9 per cent. interest for the two months, second, against the evidence of a standing crop, likely under normal conditions to cover the bill; thus far all is well, but the additional clauses, those referring to the sale of the crop, the date of delivery and the price, are evil.

The date of delivery is fixed for the mutual benefit supposedly of both parties, the buyer because it is essential to know when he will dispose of what he has partly purchased, the farmer because he wants to know when he has to respond for his debt. A certain latitude is allowed, generally the contract fixes, at the best of

terms, that the buyer shall have to accept delivery within some fixed period of so many days after being advised by the farmer, who has the option of deciding which date more or less it shall be. The price of the cereals is to be that ruling on the day of delivery, that is to say, the average price for the day fixed by the market board of the mean between the highest and lowest quotations recorded for actual sales.

The grain markets, although the brokers are many, are more or less subject to the control of four or five firms, who form a remarkably strong trust or combine. In the majority of cases it is their agents who have advanced the money and purchased the crop, and since the buyers in the camp are the same buyers on the market, the prices ruling are really under their control.

Where the farmer has the option of fixing a price previous to delivery, the price at which the cereals are to be delivered is fixed so low that only their combinations, some extraordinary fluctuation of price arising from speculation, can at times make it appear that by accepting delivery at the price agreed they, the brokers, are out of pocket in the deal.

The system of advances exclusively or largely by the same parties who control the price which the farmer is to receive leaves the latter, too, dependent on his creditors, and promotes speculation at his expense, and always to his disadvantage.

It is useless to point out the folly of the farmer in submitting to such onerous conditions, or to the unwisdom of starting an undertaking without sufficient means to carry it through, or to denounce the arbitrariness of the money lending grain exporting houses in exacting such stringent contracts, or to charge the "almaceneros" with extorting the last cent from the farmer: the most essential is the remedy.

The farmer needs money or credit, whether these credits are obtained through customary sources or through special means is much the same thing to the "chacarero". He wants credit, and will and does pay heavy prices for it, when he has the prospects of making over and above the money loaned.

#### FARMER DEPENDS ON COMMERCIAL HOUSES FOR CREDIT.

Under the present conditions of things and for many years to come, the farmer must depend in nor-

mal times on commercial houses for his advances.

That they cannot be easily replaced has been remarked particularly throughout the last few years of the war, when of those firms who have been permitted by the State to supplant it in its duty of seeing that the business of the country is carried through, one or two were compelled by circumstances to partly withdraw from the business and diminish their credits and advances.

Given the fact that the funds of these principal houses, together with these of the other houses who form the chief grain group, or the grain combine normally, run into hundreds of millions of pesos, what a partial restriction of their operations has meant to the farmer needs no emphasizing!

#### CREDIT SYSTEM DISTURBED.

The possibility of anything disturbing this system of financing the farmer escaped the prevision of the Government at the time, and we now see how far reaching and efficient was the system and the remarkable economic dependence of the country thereon by the general restriction—if not the total dislocation,—of rural credits which has characterised the cereal trade during the war.

One of the results of the partial abandoning of credit operations—to cite one case alone—has been to make the difficulties over sacks more intense than ever, which obstacle the authorities, despite all good intentions and the calls for decisive action, have been unable to get over effectively. The Government, on the contrary, has found it more convenient to permit the arranging of this internal and eternal embarrassment by a foreign commission, the chief interested party in the acquisition of the farmers' products, and to confide in the Bank of the Nation to cover the other necessities for the moment.

The Government has judged it more pressing to dedicate all its attention to the question of the foreign financing of the harvest.

In the beginning, unable or not prepared to deal with the eternal question of crop finance, the present Government has fallen back on the customary resource and proposed a new entity to deal with agricultural credit—a bank of the Republic—and to compensate for the deficiencies of the moment, it was, and is intended that the Bank of the Nation shall make special provi-

sion for the farmers pending the passing into law of the measure proposed, which latter seems, for the moment, to have been abandoned.

Abnormal circumstances have forced activity along other lines since the proposal was first mooted, and beyond the temporary solution through the help of the Banco de la Nación, there has been no further evidence of any preoccupation for any permanent measures on the part of the State.

The proposed Agricultural Bank has had to be abandoned again ; it has not been found possible to bring it into life, to-day, any more than it was under previous Governments. It is an old recourse revived under every change of Government, under one guise or the other. When put into practice it has twice failed, and only an exceptionally sanguine temperament can think of carrying the proposal into existence with any hope of success.

#### CAN BANKS REPLACE COMMERCIAL CREDIT FOR FARMERS?

If it needs but a stroke of the pen, roughly speaking, on the part of the E.P. to do away with much of this money-lending-cum-grain-broking business, given the facilities existing for such action under the laws at present in force, it requires apparently a considerably more onerous labour when it comes to the point of providing something efficient to replace such creditors.

We have been promised new banks, but pending their establishment....? In the meantime with very little modification the existing Bank of the Nation is called upon to accomplish all that the newly established Agricultural banks are to undertake; these, in any case, cannot be firmly established and of full utility in a space of a year or two, and so the "Banco de la Nación", whose charter casually establishes those very duties for which the new banks are to be created, is to make very effort once again!

It would seem more logical, that if for any reason the charter of the Banco de la Nación is found to be deficient in respect to agricultural loans, which up to date does not seem so apparent, steps should first be taken to remedy this, and failing these then remedy should be sought in the establishing of other institutions, though, when all is said and done, if they are to cover the same ground they only imply additional working expenses to add to the already heavy cost of

the money lent.

What seems needed is not banks, primarily, but money and cheap money at that. From the farmer's standpoint, it is the money he requires, and this at reasonable rates of interest and year in and year out, and as long as he can offer reasonable security for it.

The expenditure in connection with harvesting is calculated, on an average in normal years to always exceed \$225,000,000 m|n.

To provide this sum is to be the task of the new Agricultural banks among other things, since they are to occupy themselves primarily with agricultural needs.

At present, according to many, this seems to be the duty of the "Banco de la Nación," which represents national interests, and should therefore dedicate itself primarily to agricultural needs before commercial requirements, for which there are plenty of other banks. Unfortunately it is not so easy to draw a line where commercial interests begin and agricultural interests end.

Even if the "Banco de la Nación" has the sum total necessary annually to raise the crop, in its coffers, yet in the majority of cases the funds could only be partly provided direct by banks to the farmers, even though all the banks working in harmony. Commercial houses must still play the principal part, chiefly because they are on the spot.

It would require an innumerable number of branches of banks and unlimited banking facilities, and business acumen on the part of the managers, all of which would have to be built up consistently, if direct bank credits are the aim of the founders of rural banks.

Banks as a sole means of providing rural credit are impracticable. Experience has continually demonstrated it.

## BANCO AGRICOLA.

An agricultural bank as a sound banking institution is certainly desirable, but as a remedy for agricultural distress, it is surely a chimera. In the endeavour to press its usefulness, the functions attributed to it have been complicated far beyond a practical sense, and have ended by making a "Banco Agricola" impossible.

The diversified functions which it is to fulfil are more than any one undertaking can successfully cope with.

If it is to be a bank in the accepted sense of the word, then it needs deposits. It is not easy to found a bank unless wealth and prosperity are already existing in the neighbourhood, especially in the case of a rural bank. The lands and commerce of the vicinity must be well developed and are likely to continue to be so. No bank trades on its capital alone, it works with the money deposited by its clients (the general public) and a bank cannot be a successful venture until it commands their credit.

The State can endow a bank with capital; it cannot secure it deposits. It is not to the point to cite the huge deposits of the "Banco de la Nación". (Capital \$130,000,000. Deposits \$1,600,000,000) as an example. These are immense not because the bank has a large capital or that the bank is rich, but because the bank's clients are rich.

It would be more practical to utilise the huge deposits of the bank for the mutual benefit of depositor and farmer, than to build up a separate and competing entity.

Unless a bank possesses deposits there can be no advances or loans; the deposits must come from the clients, who must have money to begin with. It is useless, then, to talk of according credits to poor people. Without something tangible in the way of security credit is impossible, in this country at least.

In previous years the efforts of the "Banco de la Nación", despite the best intentions have dismally failed in regard to loans to small farmers, nor have the attempts of the "Banco Hipotecario" to distribute rural loans among small farms been crowned with success, as not 10 per cent. of the loans have reached small farmers.

The banks have to circumscribe their loans, and do so through the stringent rules which govern credits generally; these in many cases prevent the farmer in actual need of funds from ever securing advances at all, or in the best of cases only benefitting very slightly.

If the bank insists on the farmer obtaining guarantee (the customary proceeding, except where the farmer is free from all debts and has no other liabilities) then it is only humbug to talk of special additional facilities for farmers by bank loans. The bank directors and managers are well aware that the signatures they demand as guarantors are always the same, the "almacenero" or the "consignatario", and these do not lend their names without exacting their condition.

Credits to farmers under these conditions are simply means of pillage, legally and lawfully covered.

All over the world experience has again and again demonstrated the impossibility of pretending to solve rural credit through advances from rural banks dedicated to rural business alone.

Banks and commerce are synonymous; a successful rural bank without commercial clients is inconceivable.

## CO-OPERATIVE BANKS.

The oft-cited Raffeisen banks, the Schulze-Delitzsch banks, the Luzzatti, or the Lassalle banks are not banks in the accepted sense of the word. The first is rather an association of farmers for mutual aid, the second a co-operative money lending society, and the third a mutual money raising for rural folk.

Commercial banks do not as a rule undertake any of the operations which are the especiality of the above mentioned societies, much less do they make advances on land, which has been included in the very ample charter of the "Banco Agrícola". Besides the customary banking functions the said bank is to occupy itself in land deals, division of properties, in colonisation and co-operative farming, in special harvesting emissions of paper money, a sort of rural "Caja de Conversión" and in mortgages.

## STATE COLONISATION AND LAND DEALS.

One idea which seems to have attracted the attention of the founders is to reserve for the bank the excellent business of land "rematador", and "consignatario", of buying up large estates and selling them in lots. I might add here that the ideal of a State institution should surely be not to see itself but the client enriched, not to reserve to itself the good business but rather to limit its participation in the deal to good security, so that others run the risks and make the profits. In any case these are businesses quite apart from rural credits, and need a highly complex organisation with unlimited capital to back it. Moreover it is a field which seems too admirably covered to-day to permit the intrusion of a third party without a struggle.

Mortgages appear to be adequately attended to by the "Banco Hipotecario", which bank, through long term mortgages, is actually financing the dividing up

of the land of large properties.

In the ordinary way, banks do not undertake advances on lands; owing to the little remunerative nature of these loans, the business is the last to appeal to banks. Here, I might observe that it has not been seen fit to add the ordinary business of banking to the "Banco Hipotecario", which, if it had been practical, would surely have acquired the right to undertake such by now.

As I have remarked before, in most cases the giving of money on mortgage does not "foment" the dividing up of land. That "perfect" security which seems associated in the minds of many regarding money lent on mortgage is not established other than in theory.

In regard to colonisation, if it is intended that the "agricola" bank shall advance the capital necessary to initiate new agricultural exploitations, first there are the claims of those who are already in existence to consider, and in regard to the possibility of advancing capital to farmers, it is sufficient to remark that as far as cereal farm exploitations are concerned, the 70,000 odd chacras already existing represent at a lowest computation an inversion of at least 100 million pesos capital.

The final result of attempting to finance farming by State aid has been disaster to both parties; in one hundred years of such experiments there has not been one solitary case of real financial success recorded which could not have been achieved equally without such aid.

The enormous amount of money required to achieve anything permanent worth mentioning, places such projects beyond the scope of any one bank, State aided or otherwise.

With regard to the ideas of the influence which such a bank would have on co-operative societies, it is often forgotten that all banks are co-operative societies more or less, and the excellent results which are often attributed to co-operative societies such as the above cited Raffeisen, etc., are attained by methods quite divergent from those associated with successful banking. The true objects of co-operative institutions are not banks, although banking plays its part in their transactions, they are more adjuncts to banks than ought else, and it is very hard to see where a bank can enter into their formation, or effectively help the farmer, until the farmer is in a position to help himself. That



co-operative institutions can be grafted into rural banks is possible, but only when said banks have been firmly established, which requires, in the most optimistic of calculations, quite a decade at least.

### WARRANT DISCOUNT BANKS.

The only possible sphere of usefulness of an Agricola Bank is in connection with warrants, and advances on warrants, that is in the sense of a commercial-rural bank, or a special agricultural branch of the Bank of the "Nación" dedicated to facilitating loans on crops pending the sale of the crop. Nevertheless, if the business is a profitable one, as it must be if it is worth while undertaking, there is every reason to suppose that all the banks would want to participate.

As a sort of Rural "Caja de Conversion", with wheat instead of gold, it has unlimited field for action; it might be confided the financial part of an adequate elevator system, if ever the State decided for State elevators; in connection with financial houses it could attain a sphere of activity which at present seems beyond a purely agricultural bank; a bank "Agricola" in connection with elevators and warrants alone of all the suggestions appears the most practical and possible of permanent success.

It would have the advantage of entering a sphere of action at present unoccupied by any other institution, and with a definite object before it; before this is accomplished, however, a considerable revising of the original charter will have to take place.

The momentary difficulties of the present situation affords an immediate opportunity for shaking off the octopus of extortionate rural credit, and were the direction of such an institution placed in the hands of men comprehending the real necessities of the farmer, it could achieve now what the past has denied it, that is to say, a prosperous and useful sphere of activity in rural life.

As a leading source for harvesting loans, against commercial enterprise it cannot hope to compete, but as a source for enabling the farmer to return such loans, at the earliest possible moment, and so reduce their cost, and so each successive year have less need of submitting to onerous conditions, such a bank by discounting his warrants, by advancing on his products sufficient

to liberate him from his most importunate creditors, and give him time to dispose of his year's labours to his best advantage, could achieve more than by all the rest of its multitudinous duties put together.

What these harvesting loans have cost the farmer in the past is beyond calculation and since, according to the statements of the Government, they offer cause for constant preoccupation to the authorities, by allowing their perpetuation the Government is sharing in the responsibility for much of our rural distress.

### WHAT HARVESTING LOANS COST THE FARMER.

The practical side of the question is not in the responsibility for the ruinous system of the present loans, nor in a change apparently to be effected by the creation of a bank, and for a long time to come still less in an alteration of the present system of advances, which at least meets the needs of the farmer, and which as we see cannot be disturbed without giving rise to considerably greater hardships to the farmer, but rather in modifying the conditions under which repayment is effected by the farmer.

To the present facilities of credit, especially harvesting advances, greater facilities for repayment should certainly be added. It is to this side of the question that most attention must be paid. The farmer should get full value for his products so that he can pay back his credits. If he is to have money assured him then why should he not get the means assured for paying it back?

The way to assure his paying loans back is to see that he does not lose a cent more than necessary over his crops, and the way for him not to lose a cent of his crop profits is for him to be able to sell it at its full value.

If his credit is cheap he can sell cheap, but if his credit is dear, then it is certainly ruinous speculation to sell cheap, and this is what the farmers have been doing for years.

The security offered by the average farmer for the most important credit he asks annually, the credit in which both he and his creditors have the primary interest, (that for the harvesting), is his standing crop almost exclusively. His personal credit can hardly be said to count, although he has always to sign bills for the money.

Once harvested he has to sell his harvest as quickly as he can, irrespective of what it fetches: not only because he has to pay off his indebtedness, but because he has nowhere to store the products till he can find a better buyer.

This is, and always has been, for those who advance the funds, the creditor's great leverage, an opportunity which they are not slow to grasp.

Here they have the farmer in a cleft stick; for he cannot keep his grain without storing it properly—and where in the whole country are proper storing facilities?

The few cereal deposits of any real utility that exist have long been in the hands of the grain brokers.

As we see, whether the farmer belongs to the class independent of loans for harvesting purposes, or to the class absolutely dependent on loans to raise its crops, the situation is the same.

The former may at great risk and expense store what he has in hope of getting a few cents more, but those who have made the experiment have come to realise that it is only delaying the inevitable skinning process; the latter has to sell will-nilly, and since 60 per cent. of the farmers growing cereals constitute the latter class, more than half the grain is rushed to the market immediately it is harvested.

#### FARMERS PAID MORE ELSEWHERE.

If prices are not down in anticipation, they are not long in coming down whatever the prospects may be elsewhere.

And yet we hear talk about Argentine farmers fixing the world's sales as though the man who has to sell is in the position to fix his own price.

If any one doubts the existence of such state of affairs, of the remarkable ease with which the farmer is exploited, and of the facilities with which the leading grain buying houses combine into a trust, open or dissimulated, with the consequent power to fix the prices current, then one fact alone should go a long way to convince him. According to the statistics issued by the Ministry of Agriculture, over a period of more than 15 years, dating back from before the war, the prices on the wheat markets obtained by the farmer in the U.S.A. for the same quality of wheat, have been between 10 and 15 per cent. more than those paid the Argentine farmer.

On the basis of wheat exports alone, worth hundreds of millions of pesos, what must the profits be of the houses financing the crop in one solitary year?

These conditions are not absolutely essential to the financing of the crop, and would not exist if elevators were in existence, accompanied by the emission of warrants. With such, having deposited his cereals, the whole or the part which corresponds to him according to the contract he has with the owner of the land and with those who have advanced him the money to carry thro the year's operations, and having received his warrant, the farmer is free to study the conditions of the market, and take what course seems most suitable to his interests.

If he wants to sell as quickly as he can, he sends his receipt or warrant to his brokers, or goes to the local "acopiador", or the representative of a grain buying house.

Should the prices suit him he hands over the warrant, or receipt, and receives the money.

#### HOW FARMERS USE WARRANTS.

Should the price be below his expectations he puts the warrant in his pocket, and waits a higher bidder.

However, he has need of money to pay his expenses or debts, he goes to the bank, interviews the manager, presents his warrant and receives a credit up to the minimum value the grain deposited may be expected to fetch.

Advances on warrants hold the same position in regard to security as do mortgages in land, that is they have first lien on the security.

There is no bank, or funds available for discounting the warrant; very well, he goes to the "aimacenero", or store keeper, shows, or even deposits his warrant and obtains the money he wants.

Supposing he pays off a debt or sum of money, representing half the value of the grain deposited, at the price of the moment, he writes on the back of the warrant to the effect that he has sold so much of the quantity deposited, and sends the warrant to the elevator owner. A note is made of it, and a fresh warrant issued for the amount to the buyer, or the quantity delivered him on the spot if the new owner desires to remove it.

In the ordinary way these notes or warrants pass from hand to hand like bank notes. Their value is

based on the quotation of cereals on the market at the moment of exchange, and so according to the fluctuations of the market they rise and fall with the rate of exchange.

As the crop is bought up by the consumers and exporting houses and removed from the depositions or elevators, for shipment abroad, or, for local consumption, the warrants are gradually withdrawn from circulation, and with them the credits and advances on discount are gradually annulled, and each succeeding crop sees each year new warrants.

We can appreciate the working of such and the inestimable value of the combination, in the alleviation of the distress over the disposal of the crop which at present is beyond all other combinations, (and undeniably every combination has been proposed and studied by the present Government in its efforts to provide a satisfactory solution to the difficulties of liquidating our crop, at not satisfactory prices, alone, but to dispose of it at all, at any price).

I venture to state that not one of the difficulties which have characterised the history of our crops for the last two or three years would have been experienced if we had had elevators, for they have not been experienced in countries where elevators and warrants exist effectively.

The U.S.A. of North America, and Canada have handled a crop 10 times greater than the Argentine crop, have facilitated 100 times the credit which Argentina is struggling to accord, and they have done it without having to record one of the difficulties which seem here insuperable.

Owing to the failure to dispose of some 2 millions tons of wheat, to cite wheat alone, we have seen our finances all upset, the Government has experienced troubles unending, (not to mention our farmers) all of which would disappear as if by magic were the construction of elevators undertaken in earnest, and the issue of warrants placed on a sound basis.

There would be no need of special credits, nor decrees of minimum prices, nor prohibitions of export, nor would the proposal of special emission of paper money be heard to lower credit, increase prices, and intimidate the already too timid Argentine investor.

#### WHEAT versus GOLD STANDARD.

The idea of the Gold Standard is conventional: a

wheat standard is just as good.

An inconvertible paper currency is a morass through which generations to come will have to wade in Europe, as the Republic has had to flounder during the last century. This step backwards is evidently the result of the disastrous consequence of forcing a paper currency based on gold standard on the world which is not yet ripe for it, since a gold standard has meant up to date but a bastard device leagued, in truth, with a paper currency, without which it cannot exist.

It is true we may see soon a truer perception of real monetary value, one of the signs of which, promising an end to the eternal reign of the printing press or paper money, is in the announcement that the Allies and U.S.A. are going to re-mint silver, thus restoring the world's silver currency. The danger of a paper currency is that it cannot be reduced even when backed by a gold standard.

There have been many standards, barter, goods, bones, iron, copper, silver, etc.; the world has spent its time in mixing them up to find a good medium. Argentina has four standards. Many people can only imagine a paper currency.

There are those who would deny the value of everything which has not been turned into local currency, or who would have nothing of value circulated except the printed paper representing the local coinage.

This has been foisted on the people because it suited the convenience of the rulers. The printing machine is always handy. It may come as a surprise to tell people that other forms exist beside paper standard, or even the nominal gold standard. The gold standard is now a myth: it disappeared in Europe with the firing of the first gun; paper replaced it. But it could just as well have been replaced by a silver currency; the silver standard is, all said and done, the real one at present, since it rules as the standard all over the world, China, India, everywhere except in Europe, and a few South American states.

The warrant which circulates like paper money (1) would protect against inflation, thus the level of prices would remain stable or at least a true value maintained; (2) by avoiding the flood of paper currency it keeps down speculation, keeps people out of the "boliches", it tends to thrift; (3) by slowly realising on the year's labours it induces economy.

Money must not vary, if it varies in value the hold-

ers lose confidence, the confidence in the present circulation has been built up on the fact that its purchasing power is always constant, if not always higher and higher.

The cheaper the living the greater the purchasing power of the currency. The value of the currency in comparison to other nations is no axiom for comparative prosperity; its real value is its purchasing powers.

### FINANCIAL DIFFICULTIES SOLVED.

How effectively Warrant credits would have seconded the efforts of the Government for placing our crop abroad and according credit to our clients (problems which it appears will be renewed for several years to come) will be apparent on citing one example.

Had elevators existed, accompanied by warrants, it would have sufficed for the Government to accept the withdrawal of the wheat from the elevators, at the same time permitting the banks to hold the warrants as effective certificates of deposit, each warrant having, instead of wheat to guarantee it, the signature of, say, the purchasing commission of each respective buying nation, or the delegate of the creditor or debtor Government.

Such a simple means would have permitted all our crop being exported without withdrawing a cent from circulation: and one of the grave difficulties which the measures taken have led to, the treasuring of the money paper in circulation in the banks, would have been overcome. (Paper money emitted for circulation, \$1151 millions of which 800 millions is in the banks; twice as much as in 1914; in the hands of the public 300 millions, the same quantity as before the war).

The money advanced our farmers on the warrants would have remained in circulation, and since the solution of the obstacles regarding bags is wrapped up in elevators, we would not have had either the clamour over sacks to begin with, or the cry for agricultural loans, or banking embarrassments and the difficulties of rates of exchange. In short we would not have had all the unrest which has characterised the last two years of agricultural labour, and probably none of those outbreaks which have disturbed the normal existence of the country and manifested themselves with such unexpected violence.

We know what conditions are the result of general unrest, the excessive cost of living contributes undeniably, and therefore, whatever helps to reduce the cost

of production should help, too, the settlement of this one of our most pressing problems, as much for the farmer as for the man in the street.

It is surely worth while dedicating some attention towards understanding the financial position of our chief producers of food and wealth.

### WARRANTS AS A SPECIAL HARVESTING EMISSION.

As I have said before, on these bases Warrants form a secondary emission of paper money, or bank notes. On the shortage of money circulating I will dwell.

The problem of the fiduciary, or paper, money is one calling for immediate solution. On the question of emissions guaranteed by percentage of metal, on emissions guaranteed by paper, by rediscount bills, on emissions without guarantee, disputation has raged without solution up to date. By adding the proposal of emission on a suitable solvent security, not of more paper money, but of that which is already issued but unemployed, I hope I will not be charged with augmenting the difficulties, by adding to the dust which apparently obscures all solutions.

In regard to the question of adequate solvent security, I take it that as a matter of real security an article which is of eternal practical utility to the world at large, and which increases in value and can be turned to effective use in case of dire necessity, is surely of better securing than a metal which has no value other than a fictitious one which it loses in times of acute necessity, and so far fails to fulfil its mission as it becomes an article of absolute uselessness on calls of emergency.

The use of gold as a security for paper money is purely conventional, there is no reason why wheat should not be used; in other times and in other lands in the course of centuries, history shows that copper, precious stones, silver, shells, wood, and many other objects have all served the same purpose, and just as effectively as the gold of modern epochs.

In the famous warrant banks which were introduced into the French monetary system, it was aimed to make every article of commercial value, stand as security for the emission of value-bearing documents, similar to the paper money here which we are familiar with to-day, and which, according to the ideas of many,



is somehow bound up with gold reserves, from which depends its value. That nothing should be done to disturb the security on which our present paper emissions are based is perfectly sound argument, since they are accepted on this basis, (400 millions of gold guarantee 1100 millions paper) but it is at the same time equally true that if gold is to form our sole security for paper money, then either we shall have to restrict emission in the future or confine our trade to certain limits; needless to say this latter is absolutely unthinkable. At present with the foreign trade, we find that the nominal circulation of paper money is equal in value to the total export trade (approximately \$1200 millions paper m|n.): then, either with the extension of foreign trade which is predicted by every zealous patriot, we shall have to obtain a stock of gold of fabulous dimensions (present stock nearly 500 million pesos gold) or find some other means of security for more paper money. More State paper money it is hard to imagine. We have already the greatest nominal circulation of paper money per capita in the world (nearly \$150 m|n. per capita), yet as a matter of fact we have a paper emission constantly circulating nearly twenty times greater than the commonplace legally authorised note, and this curiously without any formula, without any "Caja de Conversion" to guarantee it, without any security whatever other than faith in the man who puts his name at the bottom of the note; I refer to the circulation of cheques which, now annually exceeds \$25,000 million pesos paper (1917, 18,000 millions m|n.); besides this there are, without exactly coming under the classification of money circulating, pagarés passing from hand to hand to the value annually of thousands of millions.

When we really examine the basis of security for the paper money, moneda nacional, emitted for circulation, we find that if gold is the primary source of its origin, it certainly is not the basis on which it actually circulates: the returns for bank discounts state that over \$1750 millions in paper pesos are lent out on the strength of more paper, on trade documents annually.

#### CIRCULATION AND SECURITY.

Nor, indeed, when we look into what money we have in our banks are we more re-assured over our security, even with the gold in the Caja de Conversion,

for we see that the actual money credited as deposited in the banks (11 millions pesos gold and 2,800 paper m|n.) is nearly twice the actual money emitted for circulation, that is to say, if the \$400 millions of pesos gold stand as security for the \$1100 odd millions of pesos, paper, these latter millions of paper notes have to represent again twice their value; and we know that there is always another 300 millions of paper pesos floating about, in the pockets of our inhabitants, presumably.

By adding wheat as a security for warrants, and warrants for putting into actual circulation some of the \$ 800 millions of paper emitted but always lying unused in the banks, I do not think I can be accused of talking of means of inflating our currency, which as I have endeavoured to show is evidently well inflated as it is. Here I would like to draw attention to the fact that the amount in value of our cereal crop annually approximates \$800 million now-a-days, and that, after deducting the total expenses of harvesting, some \$ 245 millions m|n. (Expenses of reaping \$ 64 millions; threshing \$ 81 millions; sacks \$ 40 millions; Cartage \$ 30 millions and railway freights \$ 30 millions), there remains nearly \$ 500 millions worth of cereals absolutely free of debt, on which the farmer and his associates might very well expect to raise up to \$ 300 millions for the three to six months which it takes him to dispose of them to the consumers.

With what open arms would the farmer have received (and still receive) any combination which would have permitted him to raise up to one third of the value of the \$ 200 million of cereals which have been, and are still lying around the country, about the railway stations, and along the quay-sides, throughout the past year, and which are now rapidly deteriorating in value because of the inadequate storage provided, so that unless soon consumed they will represent a total loss of hundreds of millions. Elevators would have cost less to build than the total loss which threatens our unsold and unexported remnant of last year's crop.

And for the farmer will not the question this year be more insistent than ever, will he obtain money easier than before, and if he obtains the funds as easily as ever, will he be able to repay them as profitably as he anticipated when he started the year's operations; or will he see his year's labours melt away to a mere bread and butter gain after all?

I do not think that many seriously thiaking farm-

ers look forward to a good year this year; but this in itself would be less intolerable if future years held out better prospects; before he launches out next year he will ponder much.

Will he obtain next year what after only a hard struggle he got this year, and this year too, at a harder struggle than the previous one? Unless the prospects are improved he is indulging in pure speculation in persisting in his sowings.

### FARMER DERANGES COMMERCE.

Every year the struggle for advances is keener, the cost or rates, rise, and in ratio his profits diminish; he alone is not the only party who suffers under the present system; commerce in all its forms is affected.

For three months each year every cent available for credit has to be dedicated to the advances for agricultural need, and during this period commerce is deprived of the means for direct business necessities.

Each year millions rush out to the camp to be rushed back as soon as the crop is in; directly the farmer does business he paralyzes commerce, and when commerce flourishes the farmer is paralysed.

How great is the call made on money must be clear, since the harvest this year demands no less than \$ 500 millions, and locks up capital to the extent of nearly \$ 700 millions paper.

And even here our difficulties do not end, for as we export our crop in a rush, out of the country goes the money, back to the city, and back into the banks, where it must be used to discount the shipping documents, etc., or lie idle pending the resumption of trade, seriously affecting the rate of exchanges; and making all the best efforts of the Governments useless to establish an equitable rate of exchange.

### BURDENSOME RATES OF EXCHANGE.

By steadying our exports, to suit trade conveniences instead of those of a few grain speculators, we should avoid the customary excessive oscillations on the market over the rates of exchange, which needless to say, do not benefit the country at large, whatever the highly successful profit and loss accounts of our banks may lead us to believe.

The extreme differences of the rates, between those ruling against us when we export our crop, that is,

during the first five months of the year, and the other seven months, when we have nothing to export, but on the contrary are getting in the money from abroad, must represent millions of pesos annually. In this respect it is certainly curious to have to record that annually the Banks working here have to lend money to Europe, not because Europe wants it, but because it is too costly to bring it all away at once.

The "Banco de la Nación", to cite alone the principal bank, has at times had to leave nearly \$ 30 millions in gold lying about in European banks, for months at a time, in order to avoid the congestion which our insane and disorganised way of selling our crop brings about every year that we have a good crop to dispose of.

### ARGENTINA LENDS EUROPE MONEY.

And the disorder of our business methods extends to the "Caja de Conversión" where, strange to relate, instead of money pouring into it as we harvest our crop, we see the gold flow out, which supposedly means that the circulation of paper money is reduced, precisely when there is the most demand for it. During January and February there is one fourth less gold in the coffers of the "Caja de Conversión" than there is at any other time in the year; the difference has reached some 50 millions gold at times.

How important is this question of giving flexibility to the monetary system of the Republic so as to meet all demands without everlastingly disturbing the whole economy of the country every year!!

And it all hangs on how we undertake the handling of our cereals; our cereals are the chief source of all the difficulties. Were it not for the constant steady effect of our meat exports, the difficulties would be trebled; and as matters stand the future holds out the prospect of even greatly increased complications. For I believe no-one will deny that the epoch of easy going competition has passed for many a year, and that we have entered on a period of intense struggle, in which the country will have need to husband all her resources, unless she wishes to see herself displaced in the markets which she has won with such happy ease in the past.

It is one of the problems crying out for the hand of a competent statesman.

I have touched largely on some aspects of the ques-

tion from the financial side because I feel that it is to this side of the question which attention must be directed in order to appreciate how far-reaching would be the beneficial effects of an adequate elevator system, issuing warrants.

I must insist that all attempts to stimulate agricultural credit will prove futile without the previous establishment of a safe, sound storage protected against insects, rodents, fires, floods, etc.

If the cereal crop is to constitute the guarantee for credit that might be obtained from a banking institution, of whatever form or character, then the sound preservation, easy disposal and sure identity of the grain must constitute the indispensable conditions for that guarantee, and consequently the elevators that will provide this will form the essential basis for a sufficiently ample agricultural credit.

There is no kind of guarantee superior to that obtained by storing in elevators, nor any system of storage that will meet the case at a lower cost than a well equipped elevator. This is a matter of experience and is proved in any case by simple demonstration and calculation. And if with the establishing of elevators the land owners benefit, the banks and "consignatarios", are permitted to extend their system of credits on safer grounds, and "acopiadores", grain buyers, "almaceneros" and others are freed from the obligation to buy where they have advanced money, it follows logically that the coolist and farmer, liberated from one of his most constant preoccupations, would be in a position to respond to the calls for improvement which are showered on him, which would bring about the longed-for progress in agriculture.

To dwell on the brilliant prospects of the future is useless. Unless the farmer gets a sound return for what he does at present the future is not likely to create much enthusiasm, and he never will get a solid remuneration for his labours until elevators are as common over the land as are windmills to-day.

Of course I do not pretend that the construction of grain elevators in any form will constitute a panacea for all financial ills, but obviously they will improve the situation of the farmers in many ways, chiefly by facilitating him suitable credit, (for which safe storage places are more essential than banks) besides giving the cereal farmer the opportunity to sell his produce when the price suits him, instead of being obliged to undergo the spoliation of which he is now a victim, saving him

considerable expense in handling his products, preventing the losses over natural wastage and his own antiquated methods, all of which entail yearly on him considerable sacrifices in time and money and which, above all, are all avoidable.

The farmer is not alone called upon to make the sacrifices; they are shared by all who profit by his labours, equally the public which lives by the consumption of agricultural products, by the State which lives by taxing the farmer, or the landowner who lives by the rent he obtains through the farmer. The latter, the land owner, suffers considerably by the wastefulness of the present methods.

If he is paid in part by the product of the land, he, the land owner, gets less grain to begin with, of poor quality, because he receives it dirty, and of reduced value when he comes to sell his share of the wheat. He receives a diminished rent from his property, and, owing to the small rent he receives, his property has less value when he comes to sell his land.

In the riches and prosperity of the farmer lie that of the whole country; and what affects him seriously cannot long remain without seriously affecting everybody.

We have land in abundance to exploit, and apparently money in abundance to undertake the work with; there is a demand for our products, yet despite all these advantages, we see the land unexploited and our money unused. If the amount of money demanded is a criterion of the ebb and flow of our energy then the fact that discounts are steadily falling while deposits are steadily mounting indicates that we have come to the end of our tether; i.e., that our energy is wasted on the land.

(Discounts in 1918 returned at a total of approximately \$ 1800 millions; about the same as during 1914 and before the war: total figures are less if we take into account that there are practically no discounts in gold any more; gold discounts in 1914 reached \$ 28 millions, during 1918 barely 6 millions).

Certainly never before has the progress of the year's sowings been followed so keenly, nor the disabilities of the farmer more appreciated, judging by the lengthy articles in the press all over the country.

It is of some consolation to see that, beside the Government, there are plenty of people anxious to help towards solving some of the problems which annually afflict agriculture or rather those who dedicate them-

selves to it, and it will be a great pity if the authorities fail to take advantage of the stage of feeling which induces many to attempt something towards solving the question of the well-being of our farming and the general progress of agriculture. By the plethora of projects appearing in print it would seem that the present state of affairs has become well nigh intolerable and everybody feels the necessity of immediate action. It will, indeed, be regretted if, despite all, the opportunity is not taken advantage of, and, the occasion let slip for a serious attempt to once and for all put our house in order.

### OBJECTIONS TO WARRANTS AND CREDITS ON THEM.

Let us examine what are the objections that are advanced by those interested in the perpetuation of the present system, against the initiation of credits on warrants.

The chief objection advanced is that warrants are impracticable to begin with since they need elevators; such deposits or elevators, require time to construct and need the inversion of huge sums of money; there is no money in the country sufficient to provide for an adequate system, and foreign loans are out of question, and as the matter is one for quick and simple remedies that cost nothing at all, to advocate the construction of elevators under present circumstances is utopian.

It is also claimed that warrants will not free the farmers from debt, or the incubus of having to contract debts ever year, on the contrary they will still further increase his facilities for borrowing, while they will not provide money either for sowing, or for harvesting purposes, much less for the ordinary needs of cultivation.

That they will lessen security in general, that is to say, they will tend to still further borrowings and indebtedness, without corresponding security for past debts; will offer greater occasion for bad faith.

That the possession of the warrant will end always in the hands of whoever advances money to the farmer, whether banker, "almacenero", or grain broker, without having achieved any advantage to the farmer, and even if this is not the case, it will be worse in the end because warrants, and such facilities, will only be taken advantage of for speculative purposes, which means that instead of one group of speculators we will have all the country speculating.

That warrants will be used to bolster up credits and finish by unduly inflating the circulation of paper money, and so finally to a repetition of a fictitious boom, with all its accompanying evils; in short achieve quite the contrary to that intended for the remedy will be worse than the disease.

That it is better to leave things as they are, and wait till the farmer emancipates himself by his own efforts. . . . etc., etc.

The first objection that warrants require the construction of elevators, and these demand huge capitalisation, is no argument at all, and much less a fundamental objection to warrants and credits on warrants. In the first place, as I have stated previously, there are many people disposed to construct elevators, and many financial houses willing to provide the capital not alone for building the deposits but also for attending to loans on warrants; into the question of finance and elevator construction I have gone extensively elsewhere. If the matter were one for State intervention alone then I believe that this difficulty would soon be solved were the Government to treat with the parties previously interested and at one time willing to undertake the construction and financing of an adequate elevator system; and in case they were not disposed to renew their offers, then there are others assuredly anxious to open negotiations provided they are treated seriously. Apparently there is no shortage of home capital with which to undertake the construction of all the elevators the country requires, although there does appear to be a scarcity of the necessary enterprise.

The money necessary to finance the warrants we have in abundance in the country. It is sufficient to recall once again that 70 per cent. of the paper money issued is in the banks, and a remunerative use for the enormous sums of money lying idle in the banks is one of the most serious problems of the banker and financier here. From the manifest tendency of the majority of Argentine capitalists, who are not fond of inverting their money outside of land and houses except on short time loans, and who always favour inversions where they can rapidly recover the command of their capital, the opportunities for warrants and short time loans could not seem more favourable.

#### FIELD FOR HOME CAPITALISTS.

At the present time the only field for productive



inversion by the banker is personal credit; foreign capital has annexed mortgages to a great extent, and in industrial enterprises and transport,—factories, railways, ships—wherever large sums are required, practically the whole capital is foreign.

The favoured recourse of the home capitalist is cattle raising, and agricultural undertakings and land operations. By adding elevators with warrants and advances on warrants, an ample and untouched field would be opened to the home capitalist for investment, at a moment, too, when there is the least movement for home capital.

As to the second objection that warrants will not free the farmers from debt, it is true, but that by lightening the incubus it will powerfully contribute to free him finally there is no denying. He may momentarily increase his indebtedness, but he will obtain this money at a lower rate than previously, and by returning the money advanced at a high rate he will profit considerably. The rate of interest is that which rules for a speculative business, such as are the advances on crop before maturity. Those ruling for business with absolute security, as in the case of cereals actually harvested and safely deposited, are very different.

Advances on warrants enjoy the same right as mortgages; they have first lien on the goods they cover; as such they are classed as first class security.

That advances on warrants will not procure the farmer funds for seeds, or sowing, or reaping, is perfectly true, but as experience shows, it is rarely that he needs funds advanced him for such operations.

Loans and advances on seed are not normal, and do not enter into the ordinary calculations of rural credit. They are distress measures. The majority of these cases are the result of special agreements between landlord and tenant, accorded for the mutual benefit of both parties.

Loans for working expenses are not common either; if accorded they are commonly on the basis of partnership. There is neither ground for interfering with this, nor is there any method of according the farmer money for working expenses which is not equivalent to capitalising him altogether. In the "almacencero" he has apparently an effective partner or party disposed for his own interest to advance him a reasonable credit to aid him in working his farm.

Harvesting loans, as I have pointed out, are unavoidable under the present system of working the

land for cereals, and in a properly organised state where facilities exist for the disposal of the crop and the corresponding simple liquidation of debts, they are by no means necessarily bad bargains for the farmer, any more than temporary credits are for the average business man.

In any case it is not pretended that warrants, will free the farmer from debt, any more than agricultural banks will make the farmer rich.

Neither is it maintained that warrants alone will suppress all other sources of credit; nor will they place the farmer beyond the control of circumstances, assure for him a harvest in a bad year, or secure him high prices in a year of exceptionally heavy harvest.

Warrants will, however, when backed by elevators, mitigate the hardships of extremes, no matter what is their source, and will obtain for the farmer innumerable advantages which their absence denies him to-day.

These advantages will in time relieve him of much of his present indebtedness which has its cause in the unparalleled losses which he experiences through uneconomical working.

### INDEBTEDNESS AND PROSPERITY.

Indebtedness in itself is not disgraceful; it is prolonged indebtedness, the inability to settle up definitely at the end of each year, that weighs on the farmer, and such indebtedness is the real curse of the farmer. It is largely due to the onerous conditions which govern rural credit.

Theoretically, farmers, like every other business man, should be compelled to make a balance every year: if they can settle their debts, they are solvent, otherwise they should be compelled to go into bankruptcy and obliged to liquidate certain of their property or sell sufficient land to relieve their indebtedness.

Of the insignificant effect of indebtedness, we have an example in a report issued by the Canadian Government regarding farmers and farming conditions in the Far West provinces. There, despite the fact that the average size of each farm is less than 100 hectares, the average indebtedness of the farmer exceeds \$3000 gold (\$7000 m.n.), half of which is due for agricultural machinery, and the rest for mortgage and permanent advances, and yet this zone has been, and is still, noted for the tremendous riches of its farmers and the unequalled extent of its annual produce. 15,000 farmers

owe nearly 150 million dollars gold among them; their agricultural credit costs them annually, at the rate of 8 per cent. interest per annum, \$ 12 millions gold, and yet they are prosperous. On mortgage alone they are indebted to the extent of 65 millions gold, a sum equal to the total mortgages of this country annually, and yet we hear of nothing but their unexampled prosperity. A recent banking return reveals that in the Northern States the farmers held 48 per cent. of the bank stock issued by the banks throughout the zone; and besides this they have been able to put nearly a million gold into erecting elevators on a co-operative plan.

It is not indebtedness which is the ruin of the farmer, but his inability ever to pay off what he owes; in the case of the Argentine farmer this is because he works in such a wasteful way as to lose half his profits, which would pay off most of his debts.

The possibility of his increasing his indebtedness at his creditors' expense through the facilities of raising money on warrants, is myth. Supposing, in the worst cases of bad faith, a farmer obtains advances on his warrant, he will not obtain its full value, there will still remain the difference between the real market value and the sum advanced to repay his other debtors after the bank or first creditor has settled his claim. By according advances on warrants, which like all first class securities, have the first lien on the security deposited, it does not mean that all other creditors will be deprived of their security for payment, any more than the first lien of a mortgage deprives the other creditors of all security for their claims. The third objection commonly heard: that the warrant will always pass into anybody's hand except that of the farmer, is a poor one; in any case this is the event heartily to be wished for, since it is not intended to turn the warrant into a permanent certificate of deposit. It is desirable that the warrant shall end in the hands of the grain broker, whose business it is to see that the farmers' produce is exported. We export 70 per cent. of everything we grow, so that the fact that the warrant ends in the hands of the grain exporter is not to be wondered at.

Regarding the speculative side of the question: the "estanciero" or cattle raiser with one hundred steers ready for the market, and who chooses to sell one half the number one month and reserve the remaining for a later date in hope of obtaining better prices, would not be characterised as a speculator. On the contrary he

would be eulogised as a prudent and enterprising business man determined to make the best of his labours. The same reasoning applies to the cereal farmer.

As I have shown elsewhere, the temporary withdrawal from the market of but one half of the wheat and other cereals will strengthen prices to the advantage of the farmer. The normalising of transport, and the disposal of the crop in a rational manner will act favourably in securing for the sellers real fixed rates on the markets, and the installation of cleaning machinery with the elevators will free the farmer from the present system of repeated discounts for "fallas". The fact that the farmer gets little for his crop does not mean that the price of bread is cheaper in this country than elsewhere; we all know that it is not. The difference in the price ruling for wheat at the beginning of the season is at least 20 per cent. less than that at the end of the summer before the new crop is harvested, yet the price of bread is not varied accordingly. Evidently some one puts the difference into his pocket; it is certainly not the farmer and decidedly not the consumer, and if we are to take the bakers into consideration, we may say they least of all.

The advantages, then, of elevators would extend into the pockets of the general public, or consumers of bread, to an appreciable extent, and I think, even supposing the price of bread did not vary, at least we might get a better quality article. Under these circumstances I am sure that very few would object to the farmer speculating in place of the grain-brokers or millers. Many are the advantages I could mention for the whole country; hardly any of them can be classed as speculative efforts towards increasing prices.

### FARMERS AND SPECULATION.

Even supposing the farmer is disposed to speculate, he has the continual drawback to his fervour for speculation in the fact that his possible profits are steadily being diminished by the interest he has to pay for the advance on his warrant.

Let him speculate, and if adverse experience does not convince him of the inconveniences attending this manner of making a fortune, when successful, then at least we, the inhabitants of the land, have nothing to complain of, for since we only consume one sixth of what the farmer grows, we shall not be called upon to pay the piper.

Thirdly:—That Elevators with warrants and credits on warrants will put much money into circulation that otherwise would have to lie idle in the banks, is the consummation of all desires; evidently it cannot be used as an argument against loans on warrants.

The circulation of money due to the advances on the crop unsold and stored for sale by the farmer at the earliest convenience, impossible under the circumstances to-day, will normalise credit locally and act advantageously on local business and on local prices generally.

## WARRANTS CIRCULATE MONEY IN THE CAMP

The "almaceneros" and other local trades people will be the first to admit the disadvantages of the present system, and to appreciate what it would mean to them to have money circulating freely the whole year instead of, as at present, for a month or two in the year. By helping to put into circulation the paper money already issued, warrants will achieve more towards giving life to our wayside towns and villages than any other measure yet proposed. As a powerful adjunct to stimulating their progress, there is nothing comparable to money in circulation among farmers.

The dangers of inflation of credit attributed to the emission of value-bearing paper and similar documents are unfounded. The same outcry was raised over cheques, yet cheques, by avoiding the use of paper money, have obviated crises. Warrants greatly resemble cheques in regard to the function of obviating the emission of huge sums of paper money. Once the security is withdrawn so is the document and, unlike paper money, warrants cannot be re-issued. Warrants based on an annually liquidated security prevent the injury from over issues of paper money.

The very ephemeral nature of the warrant has been used as an argument against it—it is not worth while establishing a complicated system of credit for a few months. Even if in existence for a few months the utility of the warrant as a source of credit is undeniably one of the best regulators of the money market; it does not obviate the use of paper money nor unduly facilitate the use of credit.

The issue of warrants covering the total cereal crop to the value of 1000 millions of pesos would not affect the money market. In the first case the warrant does not attribute any definite value to the article it

covers, it states no price, nor fixes a sum limiting its value as does the paper peso; in the second case not all warrants are used for money-raising purposes. Even supposing they were used to the utmost extent for credit purposes, then the advances on such would not exceed 500 million pesos, that is to say out of the paper money issued they would still not absorb all the 700 millions of paper pesos which now remain locked up in the banks, nor would discounts to twice this sum, to the total value of the whole crop, seriously add to the bankers' pre-occupations, since the banks annually discount more than the total value of our cereals without difficulty.

That the circulation of 500 millions of paper pesos would, logically, adversely affect prices is not proved. At present, the greater part of this sum is put into circulation annually during harvesting, without any particular consequences being noticeable.

The nature of warrants (they only circulate while there is wheat or grain to warrant), effectively prevents them from assuming the character of a fictitious emission of State paper money, or of any form of value-bearing paper without effective guarantee. They do not lend themselves to speculative finance due to the ephemeral nature of the security; as the grain leaves the stores the warrants are withdrawn automatically from circulation. What combination could keep them in existence once the wheat had been removed from the elevators is hard to conceive, since no business man would allow goods to be withdrawn from his deposit without first demanding the return of the documents by which he pledges their existence in his power, and make himself responsible in their absence.

The customary return issued by the authorities of the wheat and other cereals exported, with the figures giving that stored in the elevators, and that consumed internally, would in itself exercise efficient control. The daily returns of the gold in the "Caja de Conversión" may serve as an analogy; although it must be remembered that warrants issued to cover the cereals stored, do not serve like the gold in the "Caja de Conversión" for the issue of paper money.

#### BANKS FAVOUR DISCOUNTS ON WARRANTS..

I do not find it possible to attribute any greater dangers from warrants being used as a basis for loans, than other lands have been exposed to. As credit rais-

ing documents they are ideal, since they are essentially short time loan documents.

As I have remarked before, the investing public of this land appears to favour the latter, and when they cannot invest in enterprises which permit easy liquidation they apparently prefer to keep their money idle in the banks; the same line of reasoning obliges bankers to follow a similar course of action, they utilise, when they can, their funds on short time loans.

Naturally I do not pretend that warrants will do away for ever with crises, for the very nature of credit, its complicated organisation, forces one to recognise that crises are inevitable, but by partly eliminating the present customary speculation over our grain, which constitutes half our entire wealth in products of the soil, and in the issuing of a class of commercial paper, backed by a fundamental article of universal demand, easily negotiable, and easier annulled, a continuous steady movement is given to our finances and crises made less probable.

#### WARRANTS LESSEN CRISES.

This point must not be overlooked, that the money in the banks which now exceeds the enormous figure of 3000 millions paper, is that for which the owners have apparently no present need, and which, through the banks, they place at the service of the public, until such time as they can find a use for it themselves.

By offering opportunities for safe investment on short time documents, warrants are particularly attractive to bankers, and are the antitheses of speculative papers. If the most powerful stimulant to speculation is the facility to discount bills and documents at long dates at the banks, even admitting that discounts on warrants had to be accorded over and beyond the customary "plaza", (occasionally these must exceed the customary term), the fact that their security is not of a permanent nature, obviates one of the greatest dangers to the banker, that of permanent or continued renewals. The easy liquidation of warrants is particularly of advantage to the banker. It is one of the axioms of sound banking that the discounting of documents which allow a rapid re command of the resources is always advantageous, and absolutely indispensable in times of crisis.

Into the question of general banking, and the effects of warrants and discounts thereon, I cannot here

enter into detail, nor does space allow me to define the probable effects of such discounts on prices in general. Undeniably, prices rise with the increase in circulation of paper money, and when the issue of paper money begins to be enlarged, an augmentation in the price of agricultural products is the result. It is a vicious circle from which there is no apparent escape.

The general causes which give rise to increased prices, and the factors that most contribute to increase and decrease the circulation of paper money and the farmers' share therein, lie beyond the scope of this work, but I would like to remark that at no epoch in the history of the world has the issue of paper money been carried to such an extent as it has to-day, in Europe particularly. Whether this is injurious remains to be seen, the question as to the point at which saturation begins and ends is difficult to decide. It depends exclusively on how the money issued is used, whether in profitable or unprofitable undertakings, in rapid turn over or in slow returns.

What to do with the enormous capital we have accumulated during the war is the most burning question of the day; one of the most important things to do is to find useful inversions for our home capital. Many and varied are the propositions on how to safely initiate new undertakings, while often the most simple and urgent needs of the land are forgotten or overlooked.





# CHAPTER IV.

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HISTORY OF ELEVATORS

— IN THE —  
ARGENTINE REPUBLIC.



::: Laws and Decrees :::

State Elevators and Private

::: Enterprise. :::

American Methods

Argentine Methods

::: Warrants :::

The only Solution - Private

Enterprise - State Supervision



## CHAPTER IV.

Twenty years ago, when agricultural progress was in its infancy, a Law was passed by Congress establishing Elevators for grain throughout the country.

Why, despite the evident necessity and convenience of the measure, recognised as the corner stone of agricultural progress and prosperity elsewhere, Elevators have never been implanted in this land nobody has been able to explain satisfactorily.

The annals of Congress, both Chamber of Deputies and Senators, testify to the persistent endeavours of farseeing men to have this system, considered the most economical method of handling cereal products ever devised, adopted here as it is in all other grain exporting countries in the world.

All that has resulted from these persistent efforts to stimulate the implanting of a system of elevators here has been the voting of various laws favouring their implantation, endless decrees regulating their construction, but never the practical realisation.

The utility of a system of Elevators is denied by none. Every successive Government has recognised the fact, has appointed commissions to report on the system which has been studied in all its phases. There exists a whole library made up of reports, recommendations, plans, diagrams, etc., etc., as a result of the huge sums so spent.

Nevertheless no progress is made towards solving the question practically.

### LAWS AND DECREES OVER ELEVATORS.

If they have not been constructed it is not for the want of facilities accorded on the part of the State, that is if we are to credit the intentions manifested in the laws and amendments over elevators, promulgated during the last decade.

Twenty years ago the first steps were taken. The railways began to construct elevators: but before long they limited their labours to erecting one or two in the ports, and then finally ceased to have any interest apparently in pushing the construction of the others which were reported to have been planned.

Thus the matter was given a rest; agricultural prosperity proceeded apace for a few years, after which, as

the increase in agriculture attained large proportions, the question was once more revived.

Year in and and year out the discussion still continues but it is as though some extraordinary chasm yawned between theory and practice, for advance the matter cannot. It is project after project, but never any definite realisations.

The only reasonable explanations are that there are some powerful interests at play which block the way for elevators, although, curiously, no one has ever come forward to assume the responsibility for this extraordinary opposition which twenty years of strenuous endeavour has been unable to overcome.

In the meantime thousands and thousands have been built throughout the world. The construction of elevators or grain granaries has spread all over the world, from the home of their first conception as efficient modern aids to modern agriculture,—the United States and Canada—they have been adopted by every grain growing country engaged in extensive production for export. Rumania, Russia, India, New Zealand, Australia, all one after the other have recognised their utility and adopted them as a plank in the schemes of extensive agricultural production and their rural prosperity has been synonymous with the progress in the construction of elevators, or grain granaries.

What are elevators? What advantages do they offer? What are the chief obstacles towards their implantation here?

### WHAT ELEVATORS ARE.

Elevators are specially constructed deposits for the housing of cereals; deposits, moreover, fitted up with machinery for drying, cleaning, grading, and facile handling of grain.

Buildings where the farmer can deposit his crop pending the day of sale or delivery.

Places for the safe deposit of that part of the crop on which money has been lent the farmer, that is, for the security of the debts contracted, whether loans under the old customary contracts, under the Prenda Agraria, under the warrant, or as a debt for rent for the part of the harvest which corresponds to the owners of the land.

The advantages which elevators offer are:

Sound storage at a minimum cost;

Cleaning and Drying;

Classification and Preparation of the grain for the

market ;

Safe deposit pending sale ;

Facilities for the disposal of the crop either by the farmer or acopiador or land owner at the most favourable moment, or for negotiating advances under the warrant and finally :

Reduced costs with greater facilities for handling and moving the grain from the railway station to the port.

Besides these advantages, in the case of the Argentine Republic, there are other very great benefits which an improvement in the methods of disposing or sale of the harvest would add, extraordinary economies which the use of elevators would permit and which under the present mode of procedure are unable to be effected.

### ECONOMIES.

These are :—

Minimising the losses between harvesting and delivering the crop to the buyers ; losses in quantity and quality ; those occasioned by the breaking of bags and such as are occasioned by storms, wettings, exposure or all weathers, when stored out in the open, depreciation, etc., which it is calculated run into hundreds of millions of pesos annually.

Economies in capital outlay for sacks,—grain stored in bulk, transported in bulk by the railways, and shipped away in bulk,—economies which would exceed hundreds of millions annually, and be doubly desirous since the money for sacks goes out of the country, as none of the fibre in making sacks is grown in the land, although it could be.

Better prices for the cereals due to the classification and preparation for the markets — the difference between putting a rough article up for sale against a clean sound classified article represents several hundreds of millions of pesos carelessly thrown away.

Lessened costs in handling grain due to the greater facilities which elevators provide, and which advantage would be felt alike by the railway companies and their clients, so that a reduction in railway freights is possible.

Reduced freights for shipping abroad, owing to the regulation of our exports, which would be made over an extended period instead of in hurried spasms.

And last but not least, the facilities for rural credits, for the development of Warrant-credit, business, under

which cereals are received in deposit as guarantee for money lent. Through the security which safe housing implies, the charges, interests, etc., could be reduced to one half those ruling at present for such loans, and their scope, at present limited to a small circle of grain buyers, would be extended to all grain growers as well as buyers. In elevators lies the secret of cheap loans to the farmers.

## THE OPPOSITION OF VESTED INTERESTS.

With such manifold advantages it is certainly curious that out of the many eminent statesmen with which this country has been blessed, not one has undertaken the task of overcoming all obstacles to the establishing of elevators. Vested interests were apparently too powerful.

When I say not one I am exaggerating, for only recently in 1915, following on the war and the disintegration of the vested interests, the opportunity was given for the establishing of a system of elevators throughout the country, and the first practical proposal for their construction was made.

## FIRST PRACTICAL PROPOSALS FOR THE CONSTRUCTION OF ELEVATORS.

The difficulties which beset agriculture in 1915 were the occasion for reviewing the non-success of our preliminary attempts to enjoy the advantages which the war had promised, and the continuous discussion in the press and the writings of many seriously minded persons interested in placing our cereal trade on a sound footing for the future, has resulted in the question of Grain Elevators again being brought to the front, this time owing to the war deranging the customary opposition of certain vested interests.

## FOREIGN CAPITALISTS INTERESTED.

On various occasions determined attempts have been made to interest financial houses and capitalists at home to undertake the construction and management of Elevators, but owing to the absence of any experience in the matter and the natural timidity of the home capitalist, nothing has resulted definitely. A similar effort in the United States resulted in the interesting of several houses competent in the construction and management of

elevators, and, finally backed by financial houses, these were induced to study the matter and make their proposals. Three such proposals were presented to the Government, one offering to build the necessary installations for account of the State, on long terms of credit, and when completed to leave their working to the State, another more practical offering to build and run the whole system for a term of years sufficient to allow the building up of a competent staff of technical advisers and managers, and then leave them to the State to purchase with option to continue, and a third offering to construct them and work them with the State as sleeping partner.

The first proposition required definite payment from the State as the work proceeded, the second required no immediate contribution from the State, except a certain guaranteed interest on the capital invested, similar to that accorded the railways at the beginning, and the third nothing at all from the State.

#### STATE PARTICIPATION.

The following explanations were offered as to the working and the economies to be expected from the construction of the Elevators by the party disposed to invert at once some \$50,000,000 in building and working them, and who required the State to guarantee an interest on the preliminary capital inverted during the first years of the undertaking, and, in consideration of the said guarantee, the State was to participate in the profits of the undertaking to the extent of one third. Although the contracting party distinctly announced the intention was not to trade in cereals, but to limit the operations to classifying, depositing and emitting warrants on grain the State was promised a probable remuneration of about 6 per cent. interest on the investment after the first two or three years of preliminary trial-essaying and establishing the most appropriate system for the country's needs.

#### ELEVATOR CONDITIONS FOR THE ARGENTINE REPUBLIC.

Agriculture in the Argentine Republic struggles against many of the evils inherent to the cultivation of the land all over the world, and others besides, peculiar to the country and no less serious but susceptible of radical remedying.

Droughts, excessive rains, sudden falls of temperature, and insect plagues are natural to all climes, but in the Argentine Republic, one has to struggle besides against factors which in other lands have been reduced to a minimum or eliminated altogether.

These are primarily:—

Want of capital and commercial credit for the rural labourer;

Absence of modern methods for the good presentation of the cereals, and,

Scarcity of competition among buyers in the sale markets.

The system of elevators eliminates all these adverse factors.

The farmer lacking capital and commercial credit— is obliged to throw his crops on the already overloaded market, to exceed the possibilities of railway transport, and to bring about the congestion of maritime transport.

All this is so notorious that it is not necessary to insist on, but it is worth while noting that none the less it has been reduced and organised methodically in the United States and Canada, and other countries are following in their steps.

In the United States it is a question of a harvest of 17,000,000 tons of wheat and of 70,000,000 tons of maize, and its transport, storing, placing for consumption and financing generally is done in such a manner that this colossal movement is effected with but a slight enhancing in the value of money.

The elevator and the grain granery, which are the principal agents in this regime, are the elaboration of prolonged experience under similar conditions to those ruling here, but on a much vaster scale.

The functions of the elevator are multiplied, similar in character to those of public service, such as the railways, artificial ports, etc., but confined strictly to cereal production.

The elevator receives the grain direct from the producer, classifies it immediately if its commercial quality does not demand previous treatment, and emits there and then a certificate or warrant which serves the producer as a negotiable document.

If the state of the grain requires it, the elevator previously proceeds to clean it, dry it, or grade it, all or whichever it may be, and then to emit the warrant which enumerates the quantity of grain, of a certain commercial quality, and guarantees its delivery, on the responsibility of the Elevator owners. This certificate or war-

rant constitutes a document of the best category of negotiable securities.

In the United States such is the credit that these Warrants enjoy, that in the crisis of 1907 they were the only papers that did not lose their power of facile negotiation for a single moment and which were quoted on a par with the State securities.

The warrant expresses that the Elevator company holds in their deposits to the order of the holder of the document, stipulates the quantity of grain, and responds for its delivery exactly as stated; holding itself responsible for any deterioration or damage to the same.

Under such conditions the market acquires the greatest elasticity and security. The constitution and duration of a monopoly for exporting grain such as dominates the Argentine market becomes impossible.

In the Argentine markets trade in cereals is left without any defence against all the combinations of usury and bad faith.

— There exist, it is admitted, the grades of quality based on a very practical system, but the application of these scales is left to the arbitrariness of the buyers in the greater part of the cases, and in abnormal years such as the present, the caprice of the buyers is the only rule.

Since deposits for the examination and classification of grain do not exist throughout the whole cereal region, the producer is left to the good faith of the buyer, who receives or rejects at his will, availing himself of his immense financial powers as well as the absolute debility of the growers.

With elevators established and exploited by powerful enterprises, the responsibility of these serves as a shield for the producers, since anyone can negotiate in cereals if they have a fixed base.

Nowadays dealing in cereals presumes the purchase of an article of commerce the quality of which is to be determined on the spot, and in which determination bad faith has every scope. The consequence manifests itself most conclusively in the present situation of the market for exportation, in reality concentrated in the hands of a few firms who have succeeded in dislodging all their competitors, so that the enormous trade in cereals offers no inducement whatever for new competitors to dispute the predominance of the monopoly.

The existence and the prejudicial exploitation of the monopoly or trust has been officially denounced by a member of the preceding Government in a plan for the construction of elevators, and it is a notorious fact in all



the grain circles all over the world that no new competitor can get a footing with any advantage in the profits of the trade, unless he is disposed to face a war to the knife with the present monopolisers, and to invert enormous sums, with doubtful results in the long run.

In the United States the grower disposes of the means of defending his crop; if the quality is poor and irregular, the elevator makes it uniform; if the market is flooded and the prices ruling low, the warrant permits him to raise money for his immediate needs, and to await tranquilly, the normalising of the demand.

His lot of grain is incorporated in the general stock under its due classification, and is a perfectly negotiable merchandise. The buyer in Liverpool or Hamburg, without moving from his desk, can buy 10,000 tons of wheat, maize, linseed or oats, of such and such a quality, perfectly sure that just this quantity and of the exact quality will be delivered him, simply by giving the order to his agent in Buenos Aires to buy the respective warrants on the Grain Market.

### EXPORT TRADE CONDITIONS IN THE ARGENTINE REPUBLIC.

To-day if such a buyer pretends to make such an acquisition, he has to deal with one big-selling agency—the Exporting Trust or Monopoly,—since there exists no other sure means. The producer cannot enter into direct contact with the foreign buyer, because he has no way of guaranteeing the delivery of a certain quality, not even of being able to offer a parcel of grain homogeneous in quality throughout.

In this wise the monopoly or trust manipulates the foreign trade, dominates the means of transport, and charges the cost to the home producers.

The conditions under which our export in grain is carried on with foreign countries are to be found detailed in the contract forms for the sale and purchase of grain and oleaginous seeds: “Boleta de compraventa de cereales y oleaginosos.”

The formula established by the Grain Board of the Buenos Aires Exchange is as follows:—

**Wheat:** To be sold, sound, dry, and clean, exportation type, on a basis of 80 kilos specific weight per hectolitre. (64 lbs to the bushel).

The seller has the right to deliver up to 75 kilos in weight, with the following deductions: for the first two kilos deficiency, 10 cents per kilo; for the second, third

and fourth kilos deficiency 15 cents per kilo and for the fifth kilo deficient 20 cents per kilo, so that wheat of 75 kilos per hectolitre, is chastised to the extent of 70 cents the 100 kilos.

In order to see how this classification works, let us take for example a lot of a hundred kilos, half of which is 78 kilos and the other 75. According to the customary practice here 20 cents would be deducted per 100 kilos on the first half, and 70 cents on the other, or together a reduction 45 cents on the whole. The elevator mixes them and presents a uniform type of  $76\frac{1}{2}$  on which the reduction cannot exceed 35 cents. Here the producer has lost a peso per ton without any reason and the monopoly takes advantage of this without any right to do so. On a harvest normally of  $3\frac{1}{2}$  million tons this difference represents 3,500,000 pesos which the producer loses, and which go to swell the exorbitant gains of the Trust.

Wheat which contains more than 3 per cent. of foreign matter is not received for exportation, and the producer has to dispose of it at a considerable depreciation. The elevator remedies this, cleaning it, as well as those lots with frosted or damaged grains, and presents them with good commercial quality.

Oats:—Sale conditions on a basis of specific weight of 47 kilos to the hectolitre (37.66 lbs per bushel) with the right to deliver up to 43 kilos per hect. For the first two kilos deficiency, 10 cents, per kilo; for the third and fourth kilos 15 cents per kilo and a discount of 1 per cent. for each percentage that exceeds the base of 3 to 5 per cent. of foreign matter.

Mixed in the elevator it would come out at an average weight of 45 kilos and by the separation of foreign matter freed of the heavy discounts which the scale imposes for such.

Linseed:—Sold on four per cent. basis foreign matter with tolerance up to 8 per cent., with corresponding deductions. For from 8 to 10 per cent. of impurities a reduction is made of one and a half per cent. Sacks which contain more than 8 per cent. of foreign matters, frosted or rotten grains, etc. are rejected altogether. In years of poor quality crop, or of excessive rains, the losses on the product are enormous, mounting up to a difference of 3 to 4 pesos the 100 kilos.

In the worst of cases the elevator would save an average of 30 cents per kilo, that is to say, on a crop of 1,000,000 tons a gain of \$3,000,000.

Maize:—Sale is made: 1) Season dry; 2) New, with a reduction of 75 cents per 100 kilos; 3) Tale quale, free

of heat, mouldy, very damp and rotting grains. Discount one peso per 100 kilos.

It is estimated that with the actual crop the losses through deterioration and exorbitant discounts, will not fall below \$1.25 per 100 kilos, which, on a crop of 8 millions tons, represents a loss of \$100,000,000.

With an adequate system of elevators and granaries, and the corresponding rapid manipulation of the grain, a high percentage could be saved of that which to-day is lost through putrefaction and the humid maize would be reduced to 15 per cent. humidity at which it is considered in condition for maritime transport.

The saving would not be less than 70 per cent. of what is lost now to the producer, or some \$60,000,000.

In the actuality a considerable quantity of maize is being sold at \$2.50 to 3 the 100 kilos, while the price of exportation is \$5.20 m/n. (1915).

Passed through the elevator this same maize would be worth \$4.50, thus returning the producer 10 pesos more per ton at least.

In normal years the preserving in the "troje" is by no means sure, and bad weather in the epoch of shelling occasions considerable losses. The elevator eliminates these risks totally. Calculating the saving solely at 10 cents per 100 kilos it would realise a gain to the producer of \$5,000,000 annually.

Sacks: With a system of elevators, the necessity of sacks disappears entirely, and this item alone represents an economy for the cereal production by no means to be despised.

The manipulation of grain under the actual circumstances is computed in \$2.50 per ton as follows:—

Peones for weighing, etc. . . . .	\$1.00
Wastage . . . . .	0.50
Deterioration in quality through effects of weather . . . . .	0.95
Sewing and marking of sacks . . . . .	0.05
	-----
Total . . . . .	\$2.50

The Elevator owners would charge a maximum tariff of \$1.25 for the reception, classification and delivery of the grain.

With a normal harvest this saving would be effected upon:

Wheat . . . . .	3,500,000 tons
Maize . . . . .	5,000,000 "
Oats . . . . .	750,000 "
Linseed . . . . .	750,000 "

or a total of 10,000,000 tons which at \$1.25 would mean a total saving of \$12,500,000 m|n.

Recapitulation: The saving annually by a complete system of elevators and granaries throughout the cereal regions, taking as a basis a year of fine weather, and with the indicated return of ten million tons of grain, would be:—

Manipulation . . . . .		\$12,500,000
Classification and grading . . . . .	Wheat	3,500,000
Classification and grading . . . . .	Oats	750,000
Classification and grading . . . . .	Linseed	2,100,000
Classification and grading . . . . .	Maize	5,000,000
		<hr/>
Total . . . . .		23,850,000
Sacks . . . . .		30,000,000
		<hr/>
Total . . . . .		\$53,850,000

This would be the saving in a normal year, apart from extraordinary causes, which last year, converted the maize crop into a perfect disaster.

The intention is to implant the system of Elevators and Granaries as a public service for agriculture much on the same lines as the railway, but not to trade in grain—since the mission of elevators is that of depository and manipulator of grain for the good presentation of the products,—and to organise it in such a way that the agriculturalist can immediately obtain the Warrants as he remits his lots, taking a lot of five tons as a minimum for example. Government inspection will be invited and the guarantees that the Government considers necessary and convenient for the security and defense of the producer complied with.

The maximum tariff for the manipulation has been stated, and there now remains to be added that the maximum tariff for storing or depositing will not exceed 1/6 centavo per sack per day.

The system of construction proposed will be an iron skeleton and walls of cement or re-inforced con-

crete: wooden elevators are not convenient owing to the liability to fire, while the products have to stand a correspondingly high insurance against fire. Elevators of cement "armado" are incombustible and risk of fire eliminated.

The said project provided for the construction of three terminal elevators and one hundred and fifty local elevators, but the intention was to augment these installations gradually to eight terminal and four hundred country elevators.

The ampliation would be made without any aid from the State. Employment would be given to approximately 12,000 workmen.

### FURTHER PROPOSALS FOR ELEVATOR CONSTRUCTIONS.

The other projects based on similar arguments differed but little except in financial details, and in the system to be adopted over the payment for the construction of the Elevators; all proposed a similar type of building, that adopted in the United States, that is, of tubular bins as storage places; although all the variations recognised floor bins, a principle suitable for cereals from damp zones, flat floors storage, etc., and the combinations of every class were to be experimented with.

### STATE REFUSES TO ALLOW CONSTRUCTION.

After long delays the Government declined to accept any proposal, neither the one to construct the elevators for account of the State—because the State treasury at the time did not allow of such expenditure—nor, the second—because of the required guaranteed interests—which the Government held were equivalent to the State advancing the necessary funds, and the others because the State had decided to do nothing but talk the matter over first to get the best ideas. Further proposals were then withdrawn, and the foreign financiers retired somewhat astonished at the extraordinary criterion reigning in the then Government. Undeniably it sounded too cynical, especially as the Minister declared that free competition was to be the guiding rule.

Obsessed, however, by the idea of the State owning and working the Elevators, as proposed by a Minister of a preceding Government, the Government, curiously inconsequential as it may seem after their own ex-

planations, introduced a bill into Congress requiring permission to emit a loan to construct Elevators for account of the State.

It proposed a project of remote possibility to offset one of practical present realisation. Needless to say the plan was never proceeded with,—in fact there are grave doubts that it was ever intended to be proceeded with. Again the vested interests won.

Rarely in the history of Statesmanship have events demonstrated the shortsightedness of the policy adopted by the Government in attempting to reserve a line of enterprise for the State to the exclusion of all others, especially in view of the utility of the railways, as an example, which would never have been constructed had similar views ruled for railways as apparently did for elevators.

### OPPROBRIOUS CONDUCT OF THE MINISTERS.

Owing to the misconception of what constitutes a legitimate profit under the present system of grain handling, the authorities at the time preferred to have the losses continue than to permit any variation other than that derived from the intervention of the State in the business of handling and marketing our grain. Probably the extraordinary idea of the State as sole interested party in the management of the crop arose from a false conception of the profitable nature of elevators, owing to the figures cited regarding the economies to be attained, which appear to have been looked upon as going into the pockets of the owners of the elevators instead of into the pockets of the thousand and one farmers. Apparently it was thought preferable for the State to do the exploiting: curious reasoning.

Rarely has a Minister so well earned the opprobrium showered on him as the then Minister of Agriculture for, with the means, the capital, before him to accomplish what all his predecessors had failed to do, with the double advantage of doing it at a moment ten times more opportune and a hundred times more effective, since the country was threatened with grave difficulties at the moment and graver in the future, had the said Government not failed so signally to appreciate the question practically none of the present difficulties would be felt to-day.

This crowning opportunity to carry through what half a generation had tampered with and failed to master, the primary elements of economics, understood and

applied with intense energy by the two modern States in the New World, and by all the new, and many of the obsolete States in the old world throughout the course of ages,—to harbour safely what the past year's labours had garnered, to store the prosperity of one fat year against the lesser fortune of a lean year, to repeat the history of Joseph and Pharaoh of Egypt, to place the country in a position to withstand the foreseen difficult moments which were threatening it by providing the necessary and modern means of defence—this opportunity which was thrust upon our Statesmen who refused to grasp it, will not be easily renewed under such favourable circumstances as prevailed five years back.

### GOVERNMENT ATTEMPTS TO RECTIFY MISTAKES.

Later on, it is true, just before resigning the reins of Government, some attempt was made to redress the injury done, and various concessions and advantages were conceded all those who would undertake the construction of elevators.

Despite this, little or nothing has been accomplished, although before Congress lie various petition for authorisation to proceed with the construction of various elevators under the clauses favouring such inversions. Although such inversions enjoy free grants of land, importation of machinery free of duty, and reduced taxation, according to the various laws which have been passed, it is remarkable that no progress has been made beyond the construction of various isolated elevators along certain railway lines.

This is partially to be explained by the fact that isolated efforts can achieve little.

To secure the full utility from Elevators they must be numerous and in the hands of responsible parties backed with sufficient capital.

\*This does not imply that Elevators are unprofitable by themselves, that the business of owning and running an Elevator is not remunerative.

We have the figures cited in the Senate in 1915 by Government, when proposing State Elevators, regarding the profitable nature of inversions of capital in the construction and running of Elevators by private individuals in the Argentine Republic.

## ELEVATORS AS PROFITABLE INVESTMENT FOR CAPITAL.

According to the figures submitted to the Senate by the Minister of Agriculture in 1915, a grain merchant of Santa Fe, Señor José Botto, after having studied the system of elevators in the United States, constructed three such near and about Rosario. These have proved an excellent business, rendering no less than 32 per cent. interest on the outlay.

The expenses of running each were \$755 per month, comprised as follows:—

Manager . . . . .	\$ 200
Engineer . . . . .	125
Stoker . . . . .	100
Two "peones" a \$ 100 c/u. . . . .	200
Insurance and other expenses . . . . .	50
Oils, Grease \$30, Combustible \$50 . . . . .	80

(Maiz "Maslos" burnt.)

Total per annum . . . . .	<u>\$ 9,060</u>
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The elevators were not worked all the year round but about only eight months of the year, although the staff was retained throughout.

A minimum tariff was charged, which on the basis of an annual movement of 15,000 tons maize and wheat produced the following:—

For receiving and discharging at 7 cents per 100 kilos . . . . .	\$ 10,500
For cleaning 33 per cent., or 5000 tons, at 10 cents per 10 kilos . . . . .	5,000
For shelling 33 per cent., or 5000 tons, at 5 cents per 100 kilos . . . . .	2,500
For depositing 500 tons per month, at 8 cents per 100 kilos . . . . .	3,600
Total . . . . .	<u>\$ 21,600</u>

Profits were approximately \$12,500. Cost of elevators and installations (approximately 1000—3000 tons capacity) \$100,000. In these profits do not figure the half per cent. commission charged by the elevators on



the value of the grain handled, which together with the other entries permitted the payment of all the monthly expenses, all the charges of interest on the capital-advanced at 6 per cent. interest—and still left a total benefit of approximately 15 per cent. annual.

It must be held in mind, however, that the enterprising owner of the above elevators is also a grain merchant, and therefore able to influence business, and increase the profits from direct buying and selling of the cereals he handles.

### CANADIAN STATE-AIDED FARMERS' CO-OPERATIVE ELEVATORS.

If we turn to other countries we have the official publications of the Saskatchewan Government, according to which at the close of the first year following on the enactment of a Farmers' Co-operative Elevator Law there were 46 elevators in existence with 2590 shareholders; these handled 100,000 tons of grain with a net profit to the shareholders of \$52,461 gold. Two years later there were 13,000 members and upwards of 300,000 tons of grain handled at the close of the harvest, and a clear profit of \$167,926 gold resulted. After the payment of dividends to the shareholders of 8 per cent., an amount representing three dollars per share remained, which was applied to increase the paid up capital of all the shareholders. The balance-sheet showed total assets of \$1,709,000 gold of which \$1,290,000 gold represented the nominal value of the country elevators: the loans from the Saskatchewan Government accorded to the Farmer's Co-operative Elevator companies stood at \$1,206,000 gold.

### STATE ELEVATORS AS REMUNERATIVE UNDERTAKINGS.

In the extensive study presented by Dr. Ramos Mexia, in 1912, in the project for a "Ley de Graneros" the erection of elevators by the State was advocated as the sole solution. Nowhere else in the world has this solution, the erection and monopoly of elevators by the State, found practical acceptance. The only State which has participated in the construction of elevators in the New World,—Canada,—has adopted the system of advancing money on low terms of credit, to private or co-operative bodies for their construction, and in the Old World,—Russia,—the advancing of funds from the

State banks to Municipalities, or Local Soviets, in each case the responsibility for the inversion and its repayment, likewise the management of the elevators, being shouldered into the respective bodies compromising themselves with the undertaking, and not as in the Argentine project this compromise being assumed by the State. All over the rest of the world the enterprise has been left to private initiative, favoured by certain concessions from the State. In the said project, which provided for the erection of elevators to the total capacity of 4,000,000 tons at the total cost of \$60,000,000 m/n. to the State, no calculations were provided as to their renting or their profit to the State. It was proposed to provide the services freely to a certain extent.

“A PLAN FOR OBRAS PUBLICAS”.

In the second project, published in 1913, the needs of the country were to be met by the following:

	Capacity in tons	Cost \$ m/n.
Dock No. 3 Buenos Aires . . .	100,000	2,000,000
New port of Buenos Aires . . .	200,000	4,000,000
Port of Mar del Plata . . . . .	40,000	1,000,000
Port Uruguay . . . . .	40,000	1,000,000
Port of Quequen . . . . .	25,000	375,000
Port of San Nicolás . . . . .	25,000	375,000
50 Regional Elevators of 25,000 T. . . . .	1,450,000	21,750,000
200 Primary Elevators of 5,000 T. . . . .	1,000,000	15,000,000
500 Primary Elevators of 2,000 T. . . . .	1,000,000	15,000,000
	<u>3,880,000</u>	<u>60,500,000</u>

No calculations were offered as to the extent of the profits to be made over and above providing the interest on the capital inverted in the works, and after paying the expenses of the undertaking.

The advantages, generally speaking, accruing to the farmers and the country in general were considered sufficient compensation for the State to implant elevators.

Without any satisfactory plan of working expenses we have only those to guide us derived from the personal experiences of the owners of elevators already

in existence here, which are declared to be very satisfactory, or those figures and details which experience in other countries supplies.

As we see, in Canada where the Government, working on a co-operative basis, has facilitated the farmers money at cheap rates, for building elevators, such elevators, despite charging minimum tariffs, are very profitable to the shareholders. Although half cent gold per bushel (30 kilos) was the maximum profit calculated in one place, the actual profits proved double after paying all expenses, including amortisation of debt.

Here in Argentina, it is estimated that there is room for over 500 grain elevators ranging from local country elevators with a capacity between 1000 to 5000 tons to district elevators with capacity up to 30,000 tons, and to port elevators or terminal deposits with capacity of 100,000 tons and above.

There have been various estimates for constructing elevators in this country but under normal circumstances the cost of a primary or local elevator with a storage capacity of 2000 tons is \$30,000 m/n.; this includes all the necessary machinery for cleaning and treating the grain.

The exact amount of profit to be realised from the inversion of money in the construction of elevators by private capitalists naturally depends on the business ability of the owners or the managers; undoubtedly it is a remunerative undertaking, especially when combined with the normal business of the grain merchant or "acopiador". The reason why the erection of elevators has not been undertaken by private persons is probably due to the insufficient knowledge regarding them and the attitude adopted by the Government, and possibly the diffidence with which the advances of likely capitalists for such undertakings have been received by the railways, which presumably always had the intention, however remote, to proceed with the construction of elevators, which are, indeed, almost essential to their business.

#### STATE ACTION AND PRIVATE INITIATIVE.

The name of elevators signifies for many people a privilege. The numerous laws and unwise restrictions with which the undertaking has been hedged have done not a little to contribute to the present inertia, which more than ought else is the result of the State persisting in the plan of a monopoly, as if a monopoly were

not equally vicious whether of State or Private.

Dangers of a monopoly have been the chief pretext for State intervention, and the cry that unless the State undertook the business none would, (a fact that is denied by the existence of the few elevators with which the country is endowed) has been one of the chief impediments to the realisation of elevators by private enterprise.

### THE DANGER OF MONOPOLY.

The threatened dangers of monopoly are greatly exaggerated especially in view of the circumstances at present reigning, unless the existing or rather defunct Grain Trust is the destined party to rent the Elevators, which the project of the last Government indicated, since it was proposed that the State after building them should rent them out for a period of ten years, to the highest bidder presumably.

It is true that the possibility exists of the owners of the Grain Elevators joining hands and forming a huge trust, but then this probability can be adduced for all the Cattle breeders and Estancieros doing the same, and so on *ad infinitum*, though this is no reason for the State to discourage cattle breeding, or the improvement of the herds and flocks.

Elevators combines have and do exist, and such will occur in the future, but that it is a common occurrence experience absolutely disproves.

Curiously, when such cases of combine have occurred they have generally been attempted by the farmers and the brokers or exporters at the expense of the foreign consumers.

The true course for the advancement of elevators lies not in monopoly, either by the State or by Private enterprise.

### ELEVATORS AND COOPERATION.

The Government has given some attention towards developing among farmers this feature of common effort, but largely owing to the misapprehension of the true farming interests of this country, and the adoption of a line of action similar to or based on the needs of Europe and Europeans, attempts at co-operative industry have not been crowned with signal success.

In place of aiming at the creation of co-operative societies for facilitating the purchase of the articles he

needs, efforts primarily should have been directed towards founding associations for the furthering of the sale of the farmer's products, and among the most powerful adjuncts for furthering the sale advantageously of farm products stands the elevators.

### ELEMENTARY CO-OPERATIVE PRINCIPLES.

In other countries the principle of co-operation has been applied most successfully to this object, and numerous Farmers' Co-operative Elevator Companies under the auspices of the Governments have come into existence.

The combination adopted and that which has proved the most successful and practical in finding the necessary capital, has been that of Government loans, or guarantees of capital, at cheap rates of interests and on very favourable terms to private enterprises as represented by groups of responsible farmers, with a minimum nucleus of capital already subscribed or guaranteed.

Where such Co-operative elevator concerns have been formed, their success has so amply demonstrated their utility that others have speedily followed, and if we cite Canada alone as example we find that throughout entire provinces dedicated to wheat and cereals, every centre is to-day provided with an elevator on this principle.

The prosperity attained by farmers in America through Elevators is proverbial and where co-operative enterprises and co-operative principles have been added, prosperity has been more firmly seated still.

With the prosperity which elevators have brought, it has been possible to solve questions which previously appeared difficult of remedy even through co-operative enterprise on the basis of such systems as have attained signal success in Europe; such as the Raffeisen, Lassalle Banks, etc., the Mutual Loan Funds, Rural Banks, Co-operative Hail, Fire Insurance Companies, Farmers' Marketing Association (Co-operative Creameries, Butteries, Cheese Factories, Bacon Curers, Distilleries, etc.) and the Warrant Loans.

As a contrast to the fulsome flattery usually indulged in by visitors to this country, it is refreshing to hear the candid opinions as expressed by frank groups of farming folk recently down here from North America, who were at a loss to understand our professed methods of agriculture and our reputed farming

prosperity, in face of the fact that in the States no less than 48 per cent. of the rural bank stock was held by the farmers, and hundreds of buildings of every sort testified to their riches, besides cattle, etc. Here they had not seen a solitary example of rural enterprise, cooperative or otherwise, along all the stations they had passed.

Undeniably, under the present circumstances unless the Government is disposed to undertake the entire financing of Elevators, which does not seem easy, we have no prospect of a sufficiently strong body of rural investors being found even to establish the preliminary bases for a Co-operative Elevator system in which our farmers could actively participate, so that the realisation of Farmers' Co-operative Elevators is very remote.

### FARMERS' CO-OPERATIVE ELEVATORS VERY REMOTE HERE.

Sane counsels advise the participation of capitalists, whether large or small, foreign or native, of everybody willing to participate at the beginning, and to leave for later on the picking and choosing as to who shall be accorded the preference to continue and extend the work.

If it is necessary, as it seems, to offer special inducements, then let them be offered, and since all parties are concerned in the general prosperity of the country, political differences should not weigh in the balance as to the methods adopted or to whom the honour or right shall fall of indicating the right moment for the initiation of the work.

### CO-OPERATIVE ENTERPRISE THE IDEAL.

If co-operative undertakings are the acme of perfection, then isolated efforts need not be discouraged, although disjointed action should be avoided.

The essentials of an effective service for elevators lies in the uniformity and universality of the system of working. They should all adopt similar standards in conducting the business.

This has been realised by all the States where Elevators are in use, and to the measures provided for the establishing of such uniformity, the State control and fixing of the grading of wheat, for example, the sureties demanded by the State before permitting the free

issue of Warrants, etc.,—are to be attributed probably the wrong conception current in Government circles here over the participation of the State in controlling Elevators.

### THE DUTIES OF THE STATE.

The need for fixing one common grading of wheat for example is clearly understood when it is realised that the secret of the utility of elevators lies in their permitting the sale and purchase of wheat according to the classification accorded by the elevator issuing the warrant. Where the classification is a standard one this is very simple but in the case of every elevator being permitted to classify without responsibility, there would result very shortly such lack of confidence that no-one would accord the receipt credit, without seeing the samples first or proceeding to the spot to examine the article previously.

Again, without some control, elevators could emit fictitious warrants and irresponsible parties obtain advances from the banks or private persons without proper security, which would rapidly bring warrants into discredit.

To provide against these two possibilities the authorities in the United States of America, have decreed a uniform standard of quality, according to which the articles submitted for warehousing and the warrant are judged, and the issue of warrants not conforming to the said standards are subjected to punishment by law. To fix some responsibility to the owners of elevators the State required them to go security for the documents they issue, making them liable for the damages resulting from bad faith direct or indirectly resulting from the failure to deliver the articles at the stated condition or quantity.

The essentials of elevators lie, therefore, in universal common methods of working and in strong financial responsibility.

This would undeniably be secured by State Elevators; but equally as well by private enterprise, if on sufficiently ample scale.

Undoubtedly, it would be possible to obtain the necessary funds by means of loans, State loans for State Elevators, but nevertheless such a course would imply considerable delay, and bring about just those complications which should specially be avoided.

In the erection and the bringing into use of ele-



vators it is of utmost importance that no time be lost, therefore the simplest solution is to attempt to interest the same people who were willing to undertake their construction some years back.

This does not imply that home investors should not receive precisely, the same advantages which are to be accorded to the foreign investors, or that guarantees should be withheld one party to the advantage of others.

Home capital we have in abundance, but home investors are notoriously suspicious of new investments and decidedly reluctant to participate in new ventures. Undoubtedly there will be a plethora of willing investors the day that the business is demonstrated as extremely profitable, but the question is: who is to make the start?

Therefore if it can be found that the same parties are willing to renew their offers made in 1915, and the only difficulty is regarding the amount to be guaranteed them as interest during the first years until the business is established on a firm basis, then a wise Government certainly could not do better than support those willing to undertake the first steps towards putting elevators into practice.

If it be found that there is no hope of renewing negotiations with the parties interested in the past, then further attempts should be made to find other parties, whoever and wherever they may be.

## THE ORIGIN OF THE PROJECT FOR STATE ELEVATORS.

It must be held in mind that it was to the reputed absence of interested parties for the construction of Elevators that the idea originated for their construction by the State.

Dr. Ramos Mexia, the most powerful supporter of the project that the State should undertake their construction, bases his arguments on the fact that despite the innumerable laws favouring Elevators, none have been erected through private enterprise, and that there is little hope in this direction as, in spite of all laws, time goes on and nothing is done. He considered it indispensable that their construction should be undertaken by the State for these reasons and, besides, that the Government would contribute powerful and efficacious aid towards developing the riches of the grain provinces, and these latter, by such means, would receive advan-



tages equivalent to those obtained by other provinces in the shape of State railways and irrigation works.

He admitted that it might be argued against the scheme of the State elevator that in Canada and the United States, where grain elevators are of incalculable service to the agriculture and commerce of the country, their construction is not considered a duty of the State, but contended that in this country we have not adopted the policy of leaving everything to the action of private capital, witness the railways, health works, colleges, mortgage and discount banks, hospitals, asylums, etc., etc., the construction and working of which are undertaken by the State.

He stated that there were examples of the State guaranteeing, by means of the construction of State elevators, the negotiability of grain warrants in the manner in which the circulation of the paper money is guaranteed, and that in the country in question—Russia,—the government had decided to carry out the work, placing it in the hands of the directorate of the Imperial Bank, beginning with a programme of 125 elevators in the principal railway stations, 29 in the ports, and 24 in the central points of distribution, the work being continued day and night in order to be terminated at the earliest possible date.

The Government of India, proceeding more warily, had constructed one elevator to test the system as applied to local requirements, which elevator in the short time it had been working had given satisfactory results.

He also argued that the functions which elevators were destined to exercise required a complete and separate organisation, because of the various economic problems which would be solved by elevators, and that supposing the elevators produced no effect on the extremely powerful commercial organisation—the Cereal Trust—and considering only the economy in bags, handlings, risks, etc., which were estimated at \$64,000,000 m|n. annually, the State was justified in constructing elevators, the cost of which scarcely exceeded sixty millions, as the country would reap a benefit of more than 100 per cent. on the capital sunk.

There was no reason to suppose that the State would have any difficulty in collecting the interests and amortization on the investment.

#### THE FAILURE OF THE ARGUMENT.

Undeniably, had Elevators been constructed, as

projected then, the arguments were perfectly sound; but of what use are the arguments in favour of State elevators if the State does not undertake their construction?

### AMERICAN METHODS OF STATE INTERVENTION.

If we cannot have State elevators then it is a dog-in-the-manger policy to persist in any course which ultimately rejects the advantages which the construction of elevators promise, whether under the aegis of the State or confided to the care of private enterprise.

In this respect I will cite from the declarations made by the proposers of the recently voted Cotton and Grain Relief Bill in the Congress of the United States.

The purpose of the bill was primarily to authorise the warehousing of cotton solely, but it was afterwards extended to include all other agricultural staples, and the issue of licenses to persons who may make standards of such warehoused products with the view to facilitating loans based on such government certificates.

According to the proposers of the measure in question, the bill applies to grain and all other staples and non-perishable farm crops, and the owner of any of these may apply for its benefits, as may the owner of any warehouse for a license to operate under its provisions. Any competent citizen may apply for a license to grade such products under recognised standards; but such licensed person must secure employment from some State (Provincial or Federal) authority before he can issue certificates of weight or quality of agricultural products under the provisions of the bill. It does not commit the Federal Government to Federal inspection of agricultural products, or in any way nullify any State (provincial) law on this subject.

The bill in this sense is permissive; in no sense is it compulsory. It does not commit the government to the ownership of the warehouses or elevators or granaries, or their operation in any degree: neither does it commit the government to the making of the advances in money on agricultural products.

The bill makes provisions whereby owners of agricultural products can purchase storage in bonded warehouses, licensed and supervised by the United States Government: to have these products graded and weighed by licensed graders according to the uniform

standards of quality fixed by the United States Government: and the owners of such products will receive a warehouse receipt, uniform in terms with every other warehouse receipt for agricultural products of like quality stored in any governmentally licensed warehouse in the United States. Such a receipt will present collateral security of the highest integrity and the holder can borrow money at any bank as readily and at as low rate of interest as if he were pledging a government bond. In every operation, from the storing of the product to its final sale and delivery to the consumer, the provisions of this bill place the farmer on a plane of absolute equality with the merchant or broker.

Every owner of agricultural products who does not desire to negotiate a immediate sale of such products can store them under ideal conditions of safety.

His receipt declares their actual grade; and by consulting any reliable market quotations the owner may find out what is their actual value. Any day he may secure money at the lowest interest rate by pledging his receipt at the counter of any bank:

The bank can rediscount this receipt at the regional bank. This bill thus connects the farm with the Federal Treasury through the medium of chartered banks and gives to the farmers of the United States the full advantage of their new banking and currency laws.

If the farmer has money borrowed on warehouse receipts, he can liquidate his obligations at maturity by the sale of his commodities on the open market. He thus secures every advantage which the ownership of prime necessities can give and is enabled to sell them to the best advantage when he desires to divest himself of that ownership.

## THE FARMER AS BUSINESS MAN.

The bill is therefore a long step in the direction of better business methods on the farm and better living among farmers. With this measure you make it possible for every farmer in the land to become a business man and you make it possible to inaugurate business methods on every farm throughout the land.

## WARRANTS AND THEIR HISTORY.

In the Argentine Republic the history of similar measures for warehousing goes back as far as 1878 when

the first law (No. 928) regulating the emission of Warrants was passed. Since then innumerable projects have been passed, terminating in the last law No. 9643 in 1914, besides numerous decrees by the respective Governments, all controlling the conditions under which warrants were to be brought into common use, without nevertheless achieving the object aimed at.

The cereal warrant, which it is sought to introduce into common use, does not differ, except in the nature of the goods it covers, from ordinary warrants. Commercially, Warrants or mercantile warrants are negotiable instruments giving a right to the delivery of goods, generally deposited at a warehouse, and by mercantile custom regarded as documents of title decd to the goods to which they relate. They are a form of receipt giving the owner of the receipt the right to demand delivery without reference to the original depositor, that is a transferable form of receipt, the responsibility of the existence and sound nature of the goods covered falling not on the depositor of the goods in question but on the owner of the warehouse where they are deposited.

The fundamental defect of all the laws and regulations has been the failure to provide for a simple but workable regulation such as would establish warrants on an elementary basis suitable to the needs of the country; the great primary error has been to attribute serious penalties for non-compliance with the rules and regulations without first establishing bases for the creation of a recognised or standard acceptance of what should constitute a sound and saleable article, and the suitable conditions of warehousing, so that the fundamental security to the warrant (that is to say, the actual conditions of warehousing) being misunderstood, no possible extensive use has been made of the innumerable well intentioned laws and decrees.

We see the same error still persisted in, by the attempts to improvise storage places.

### MISDIRECTED ENERGIES.

The energies at present dedicated to remedying the evil of the absence of storage places should be dedicated to solving the question practically. Since we have recognised our shortcomings, then serious attempts should be made to remedy the deficiencies. If, as seems proved, nothing practical results from all the efforts to get round the question, such as the recent attempt to

induce the farmers to use the "Chapas" of Zinc owned and loaned by the Ministry of Agriculture as storage places, the habilitation of dock depots, the utilizing of tinglados, etc., etc., then the best thing is to dedicate all our energies definitely to the erecting of Elevators.

The greatest danger in the postponement of a decision over a question of such magnitude, is the "fra-caseo" which threatens those who, anxious to forward the interests of the country together with their own, put their money into erecting isolated elevators under present conditions, without a guarantee of fair treatment. The results promise to be the same in case of a policy being adopted favouring States elevators.

Such solitary private elevators, unbacked with extensive capital and without combination among themselves, must fall in line with the bigger concerns, whether State owned or State aided, and assuredly will fall into the maws of the Cereal Trust later on, when normal conditions permit the re-establishing of the Combine, despite the fact that they are erected in full faith of Governmental protection and under the special Government concessions.

This means, besides discrediting elevators, as financially sound business, which is what the enemies of Elevators want, also discrediting the system in general from the start, thus again setting back the progress of the country for which Elevators or Grain Granaries are essential.



Laws reach but a very little way.

Constitute Government how you please, infinitely the greater part of it must depend upon the exercise of powers, which are left at large to the prudence and uprightness of the Minister of State.

EDMUND BURKE.

# CHAPTER V.

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A review of the Present System

Actual Conditions

Ganaderia versus Agriculture

Colonisation

Future Prospects and what  
measures should be taken?

State Intervention

The need for a concise plan

The Ministry of Agriculture

The discussion of our Problems

Action not Words



## CHAPTER V.

### OUR AGRICULTURE IN THE LIGHT OF MODERN DEVELOPMENTS.

We are then to accept the fact that our Agricultural progress depends absolutely on an improvement in our methods, and this implies the introduction and use of complicated machinery, new standards, new ideas both among people and state, farmers and officials, and the inversion or guaranteeing of huge sums of money.

It may well be argued that this is quite acceptable and the utility and advantages to be derived from such a policy highly appreciable, but before we launch out on such a policy it would be well to examine our present position and particularly that of cereal growing in the light of modern developments.

In the first case have we not entered on a period of development somewhat different from the past?

Is the position the same as before, in face of the obvious results to be deduced from the tendency of modern thought and practice as exemplified, for instance, in the adoption of a land programme by all the states recently engaged in war in Europe?

#### INCREASED PRODUCTION IN EUROPE.

Will not the tendency to increase production result from the dividing up of the European land into small parcels affect us and our products in the European markets? And what will be the final result of the intelligent efforts made during the war by all the states to supply themselves with their own necessities? During the war the most successful of all were those which previously were our best if not the sole customers for our products,—England and the Netherlands.

#### RELATIVE PROSPERITY AT HOME.

Again, turning home, in face of the fact that Gardening is, and has always been, the most steadily remunerative of rural occupations, and has proved our most successful business, equally during the period of disadvantages and advantages of war as during peace, the one industry in which we make and maintain our



rural prosperity, the preferred occupation of all our rural folk, that which even those who have made their fortune in cereals invariably turn to, that which has stood the test of difficult times of late and come through with greatly increased prestige because it has proved free of the majority of drawbacks cereals suffer under, has proved the most remunerative, and also does not require the inversion of the huge sums nor compromise the State in inversions to maintain its prosperity, nor involve us in abstract practices and theories of Colonisation, of Industrial enterprises, of Labour, etc., would it not be wiser to push that side of our business in which we are successful first, and only when we have reached saturation in this respect turn to establishing our Agriculture firmly?

It may well be insisted, from the results of even the last few years, that inasmuch as we have prospered in our "Ganadería", this probably proves that the country is most suitable for cattle and sheep-raising, and therefore if "Ganadería" has proved in the long run the most profitable, let us by all means stick to it.

It is a well founded axiom to occupy oneself with that which returns the most profit, and only dedicate one's time and money to remedying secondary or less profitable business when the other does not demand its use.

Undeniably, compared to the cattle and sheep breeders, the cereal grower has come off poorly, and this in itself will have the customary effect by tempting people to put their money in "Ganadería" instead of Agriculture.

Theoretically, the production of meat and wheat should yield the same.

A hectare of good land should yield 28 fanegas (100 bushels) weighing 2500 kilos (6250 lbs.).

A hectare of good grazing land will yield 300 kilos (625 lbs.) of meat.

2200 kilos of dry grain against 200 kilos of flesh and fat.

The value assigned to meat shows the proportion, since the price of meat is approximately ten times as great as wheat, consequently a hectare of grass land should give a profit equal to a hectare of wheat. (Prices ruling wheat \$12.50 per 100 kilos. Meat 28 cents per lb. live weight).

As a matter of fact Cattle breeding is more profitable than cereal-raising, since the average of production for cereals rarely exceeds 1500 kilos per hectare

for wheat, while the average of production for steers (novillos) is above one per hectare. The proportion of capital invested is approximately the same: inversion in working land for cereals per hectare \$250 m/n., price of animal, 2 year old steer \$250.

Whereas meat shows considerable and steady increase wheat shows considerable fluctuations, steadily decreasing in bad years.

Mechanical progress has more than quadrupled the productive power of the average farmer since the middle of the last century.

Wheat instead of occupying the first place promises to give way to meat. In the case of war the fact that wheat occupies a large bulk must not be overlooked, whereas meat is comparatively compact. The nutritive capacity of 20 tons of meat is the same as 100 tons of cereals.

#### FARMERS PROFITS IN THE UNITED STATES.

In the U. S. A. where the State guaranteed the price of \$2.50 gold per bushel, an excellent crop has been harvested, so that if we accept the figures of an average return of 35 bushels per acre (the figure in many cases has been nearer 53 bushels per acre) and the cost of production at \$10 gold per acre, then farmers have in many cases netted over \$116 gold per acre.

United States statistics of Exportation for the first 8 months of 1917: \$383 millions gold. One year later in 1918 for the same period: \$ 578 mililons gold.

Meat and dairy produce increased \$ 354 million in one year.

We have cited the relative results of the "Ganadería" compared to Agriculture during the last few years which were to prove so remarkably favourable to Agriculture, in the sense of securing rich profits for its produce, which at the time was considerably depreciated in value, and have seen that despite all, the actual results have demonstrated that "Ganadería" has been the one to secure the most profitable use of the opportunity, quite apart from nominal advantages which the distinctions of capital and labour, of the wealth of one party compared to the relative poverty of the other in undertaking their respective industries, are supposed to confer. Agriculture which, a few years back seemed likely to displace "ganadería", is now threatened with a like fate in turn.

The change of position has been remarkable, and

so too has the change of opinion generally. Every one who has occasion to travel in the camp has remarked the interest which prevails at present for "Ganadería" as compared with Agriculture.

### THE FAVOURING OF CATTLE BREEDING.

Is this a symptom of permanent interest, or merely the passing reflecting of the state of business or comparative prosperity of one against the other?

In any case some of the different phases of the problem and some of the possible results are worthy of study.

The importance of any change of position cannot be overlooked: if, as statistics seems to show, "Ganadería" is more progressive than Agriculture or "chacara", then presumably a return to pastoral life is in store. Anyone who knows the secret opinion of the average camp "peon" realises that this would be anything but unpopular with the general run of camp hands, but the effects are much more far-reaching than a mere statement of the facts indicates.

A predominance of cattle raising is evident of late years, as is the tendency to limit the extent of land dedicated to grain and extend that devoted to grass or pasture.

### THE DECLINE IN CULTIVATED LANDS.

The enormous area dedicated to agriculture in this Republic would require a very extensive reduction before any appreciation of its effects could be remarked, the system of long rotation of grain with grass impedes a just calculation and undoubtedly much of the land which has gone out of agriculture was never intended or apt for cereals or maize, nor do statistics show any great diminution in cultivated lands, although the land cultivated with grasses for grazing has extended considerably.

If the passing from pasturage to agriculture is hailed as progress, then the contrary must be the case in the return of agricultural land to grassland.

To cite the classical example of England; there the laying down of grass meadows, even at considerable expense (treble what it costs to place a camp under alfalfa here), has been synonymous with a general retrogression rurally, and the extension of the cattle raising industry has been associated with a marked decay of

agriculture and a decline in the rural population, although the net profits from the land have, if anything, been actually increased.

But we are not in position to look with equanimity on any falling off of agriculture because we have no other employment to offer our growing population, nor any way of assimilating the hordes of immigrants which we desire to attract to our shores.

### COLONISATION AND RURAL PROSPERITY.

The number of hands required for a cattle raising "estancia" is insignificant compared to those who find employment in connection with the cultivation and harvesting of the grain crops, nor can all the subsequent manipulations at the frigorificos compare to the handling and embarking of cereals from a standpoint of provision for labour.

We have started on a plan of populating this country, and populated it is—admittedly by foreigners—and have built up considerable prosperity thereby, most of which will disappear if there is any change of system, so that willy nilly we cannot afford to pass over any symptoms of decay in our plan.

Another aspect of the question is the relative return or rent from land dedicated to "chacra" against that used for cattle and sheep raising.

Any going back extensively in cereal growing would be seriously reflected in the pockets of innumerable land owners, especially that class of land owner who looks on land as a field of investment and who finds in land investments a good return for his capital, but who himself is absolutely ignorant of any practice or theory of land utilisation, because as is a well observed phenomenon, the highest priced and most rentable of lands are those most sought after by investors with a legitimate desire for a return on their outlay, the outside and far-lying lands are the common field for the speculator or "acaparador de tierras".

The rents ruling for good "chacra" land are undoubtedly much higher than could ever be obtained from tenants dedicating the land to cattle or even "tambo".

### CEREALS AND LAND VALUES.

Therefore any diminution of the demand for "chacra" lands would mean a general diminution in rents,

which in turn would be reflected in land values.

According to official opinion—the Minister of Agriculture in the Senate in 1915) the value of our land is already very low because it is fixed in proportion to the amount of the rent it returns which, however, is no criterion to its actual productive power, and which creates an erroneous basis for establishing land values. If we take statistics of say, Canada or United States, we see that lands much inferior in quality to ours represent a value of \$200 to 400 dollars gold the acre, equivalent to \$500 to \$1000 m/n. per hectare and still give greater returns than in the Argentine Republic.

To what must be attributed this difference in returns? Solely to the deficient methods of cultivation, to the useless and excessive expenses in harvesting, and to the absence of adequate means of defence in disposing of the crop by the producers.

Therefore it is absolutely contrary to the interests of all the landlords in general to allow the land to be dedicated to cattle which previously was under agriculture, and it is to their own interests to devote themselves as capitalists to putting into use every means to render their lands most profitable for “chacra”.

### ELEVATORS AND LAND VALUES.

An increase in the profitable nature of farming cereals benefits landlords as much as the farmer and tenants.

Therefore, Elevators will put as much of the prosperity they bring with them into the pockets of the landowners as into the tenants. The wealth, and as far as power depends on wealth, the power of a country is in proportion to the value of her commercial produce, the fund from which all taxes must ultimately be paid.

Having launched out on a plan of Agriculture and on a plan of Colonisation with the resultant effects of extensive production by numerous foreign elements, creating thereby an extensive if fictitious prosperity in which all that inhabit the country have nominally benefited, it is now too late to go back on our steps. Willy-nilly we must continue, and since we are obliged to go forward we must adopt whatever measures prudence and competition demand to make the best of the undertaking.

### ELEVATORS UNAVOIDABLE.

There is no question of our ever returning to a

pastoral country; if "Ganadería" is more remunerative than cereal growing we have no other course but to improve our cereal growing until it is just as good as cattle-breeding: any extension of "Ganadería" must be made outside and over and above our present agricultural production—not at its expense.

Since Elevators are necessary then we have to construct them, or condemn ourselves to a permanent languishing and sporadically thriving agriculture, for disappear it will not no matter how prosperous "Ganadería" may become.

This is the most practical solution, for even conceding that every landowner whose lands are at present dedicated to cereals, be disposed to undertake the management and exploiting of his own property such as is advocated by the advanced disciplines of socialism, how few indeed are in the position financially to invert the necessary capital, without which the best of lands are useless and the most profitable of undertakings impossible.

#### FUTURE PROSPECTS FOR EXPORTING CEREALS.

As I remarked, however, there yet remains the question of whether the future will warrant our persisting in the cultivation of cereals for export.

As we have seen all over the world there has been attempted increased production of foodstuffs.

In Europe this has been forced on by the relative isolation which the war brought about and the necessities of limiting the introduction of foodstuffs, through the restrictions on shipping.

In the rest of the world it has had as its originating cause the desire to take advantage of the situation which, as the rise in prices made cereal growing more and more profitable, spurred on to extensive cultivations and the inversions of large sums in the necessary machinery, which inversions were favoured in the greater part of the cases by the various facilities which the different Governments accorded those undertaking the cultivation of cereals.

#### PROSPECTIVE EXPORTS FROM THE UNITED STATES, CANADA AND AUSTRALIA.

The United States which but a short time previous to the war had marked a continuous decline in her

exports of cereals, rapidly augmented her exports until they reached ten millions tons; the States in the effort to extend the exports agreed to concede a bonus on exportation and, to secure continuous production, guaranteed a minimum price below which farmers should not sell their cereals, even after the war and its demands had ceased, and if they did the State would accept the responsibility for the difference. Already the value is below that fixed (\$7.45 gold American per 100<sup>o</sup> kilos) and the United States government is called upon to respond for a difference equivalent to millions of dollars gold. Production last year 40,000,000 tons; 35 per cent. above average of 1917 and 50 per cent. above normal average.

(Guaranteed State prices for export Wheat \$12.50, Oats \$7, Linseed \$15).

In regard to the extraordinary efforts made by the North American farmers to supply the Allies with foodstuffs, it must be remembered that much of the tremendous exportation attained was the result of economising consumption, the need for which has now passed, and there are already signs that in the near future the exportation of cereals by the United States will return to the original figures, and finally tend to disappear altogether except in years of remarkably bountiful harvests. Annual consumption approximately 20 million tons, same as average production annually.

This will also affect Canadian exports, the increased production being absorbed by her neighbour in the long run.

The difficulties are over the immediate disposal of the present production, owing to bountiful harvests.

Australia, as we have seen, has harvested the most remarkable of crops but unfortunately cereal growing even during the prosperous years of high war prices plus bonuses for production, has not proved exceptionally profitable: although it has put reasonable profits into the pockets of the farmers, it has been at the expense of the State Treasury.

There is no evidence that this policy will be persisted in especially as there is a surplus awaiting exportation exceeding 6,000,000 tons to-day.

The difficulties of transport have been especially felt in Australia where the accumulation of cereals was so great that, owing to the precautions not having been taken to erect elevators and grain granaries for the safe storage of the crops, no less than one third of the

production was definitely lost: thousands of tons of wheat rotted away and in order to save the greater part of one year's crop the State was obliged to give a bonus on milling it. As flour, it was found possible to store it. To-day there is a stock of flour calculated in half a million tons; but the grave difficulties which have been experienced, even after the tardy attempts to remedy the disaster by the erection of elevators, and the monetary losses which the State has had to stand through the depreciation of the crop and through the absence of facilities for warrants and other means of financing production on a grand scale, have gravely prejudiced the chances of extensive cultivation of cereals in the future both from the standpoint of the farmer and the exporter.

### INCREASED PRODUCTION OF INDIA.

I do not think we have reason to fear any greatly increased exportation of cereals from India, where too, a remarkable extension in the area dedicated to the cultivation of cereal foodstuffs has taken place during the last few years. The tendency is for increased consumption at home, which fact was already exercising its influence on export surpluses before the war.

It is true we are dealing with the British Empire, at the same time our best customer and worst competitor, capable of tremendous possible expansion and possibly self-satisfaction; but everything points to the attempts to introduce an "All-Empire" preference over foreign products not impeding the trade in cereals with foreign countries, as ourselves.

United States, Canada, New Zealand and India, I do not think we have much to fear from these.

If we have anything to fear from foreign competition it is not over production, it is in regard to our ability to place our goods on the market at the same rate of profit to ourselves as our competitors obtain.

The effects of the war, with all its attempts at increased production, will be most felt in the economical methods which have not been imposed during the war, but which post-war competition will impose; we certainly must anticipate keen competition for some years to come until the natural increase in consumption digests the suddenly augmented production.

When we turn to Europe to our competitors there we have the most grounds for re-assuring ourselves over our future in cereals, provided we can get through the preliminary work of putting our house in order while they are disorganised.



## CEREAL PRODUCTION IN EUROPE.

Russia, as we see, is in the throes of revolution, and as you cannot have a revolution and have production proceed apace at the same time, there is every possibility that many years will elapse before Russian cereals will enter to compete seriously with our own products.

Rumania and Hungary are likewise going through a period of re-organisation with disastrous effects on their export trade. How long it will take them to establish that degree of tranquility and order essential to trade both at home and abroad none can safely prognosticate, but experience does not point to its being accomplished in the very near future.

Undoubtedly in these regions, due to the relative scarcity of sea transport as compared with that on the land, the tendency will be to export any local surpluses near the sea board, so that there is some likelihood of the actual amount of exports really falling off as order is established, and it becomes possible to send supplies to middle Europe to satisfy normal current demands there.

## CONSUMERS AND CLIENTS.

In regard to our clients, chiefly Great Britain and including Belgium and the Netherlands, we cannot look forward to greatly increased demand for our cereals until normal life and business is established nor can we hope to sell heavily to Germany via the Netherlands, for that country imported little from us in normal times. It is doubtful whether Germany will prove a good client, especially if anything tends to reduce her manufacturing industries, for which zones practically all the cereals imported were destined. Besides, agricultural interests are very strongly organised, even normally, and as we have seen in the worst epochs of the war, despite the enormously increased consumption Germany has been able to keep herself practically self-sustaining. To do this with a depleted rural population in times of war indicates that in times of peace she will be still capable at least of maintaining her population, and if internal strife persists then there will be no question of imports except for the population of the towns immediately near the ports, which in any case will require limited quantities.

Regarding France, which normally grows sufficient for her own consumption, although she has imported

cereals during the war, there is little hope of counting her among our prospective customers for cereals.

On the contrary, there is the possibility of France becoming an exporting country, for so near is her annual consumption to her production (she has the largest wheat area in proportion to her population in Europe) that it is computed, based on her normal production per hectare, that if she will but increase her production by six per cent., which she easily could through better tillage and by adopting modern methods and labour saving devices, she could undertake to supply all England's needs, and since during the war she is reported to have imported enormous quantities of American farm-machinery and gone in extensively for improved tillage we must be prepared to see her exporting, especially in the years of bountiful harvests.

Neither Italy or Spain have ever been counted as permanent customers.

Great Britain, or better said, England, then remains as our best prospective client in the future, the same as she has been in the past.

But in England is where the most active steps have been taken to lessen the necessity of importing cereals.

### POSSIBILITIES OF DEVELOPING AGRICULTURE.

The possibilities of relative development in Agriculture are much greater in England than in Germany as the following shows:—

Pre-war.	Germany.	England.
Acreage . . . . .	133,585,000	77,721,256
Cultivated . . . . .	78,000,000	47,000,000
Woods . . . . .	34,000,000	3,000,000
Production.	Tons.	
Wheat and Rye . . . . .	15,000,000	1,568,700
Potatoes . . . . .	50,000,000	5,000,000
Hay . . . . .	36,000,000	14,000,000
Herds and Flocks.		
Cattle . . . . .	20,000,000	12,000,000
Cows . . . . .	11,000,000	4,500,000
Sheep . . . . .	5,000,000	29,000,000
Pigs . . . . .	22,000,000	4,000,000

France: annual consumption of wheat 40 million quarters all grown in France: England, 32 million quarters, 8 millions grown in England.

## OUR TRADE WITH ENGLAND.

The outbreak of the war was the opportunity which innumerable theorists had awaited. It was the unique occasion for demonstrating the truth of their theories, and for the Government to prove the fundamental truth of the Free Trade policy.

One of the immediate results of the war was to bring into prominence the wheat supply question. Undeniably, at first the hope was maintained of being able to continue supplying from the customary sources; the adoption, however, of the blockade by both parties and the subsequent submarine campaign soon put a limit to supplies from foreign sources.

The supplying from home sources then became of paramount importance. Two courses were open, to attempt to increase the production of cereals at home and to limit the consumption at the same time, while seeking for adequate substitutes. Over the question of substitutes there is no need to dwell; it has been denounced fiercely; it stands out despite the hunger and need. Five years of war conditions have produced nothing palatable in the way of substituting bread made from wheat flour.

## THE REVIVAL OF AGRICULTURE IN ENGLAND

A general revival of agriculture followed on the excellent terms accorded the farmers disposed to undertake the cultivation of cereals; they received special bonuses for every hectare of land laid down under cereals, plus additional rewards for every hectare of grass land they dedicated to cereals, plus minimum fixed prices, plus special loans for the purchase of modern machinery, plus importation free of charge by the State from North America, plus reduced taxation. They were freed from all taxation under the War-profits Law; in short every temptation was offered to indulge in unlimited production.

The results were hailed as satisfactory, even if valuable meadow lands laid down with expensive grasses were destroyed, and the cattle and sheep breeding suffered greatly. Nevertheless, though the greatest total of land ever under cultivation was recorded in so far as wheat was concerned, the nett results were only to add some 250,000 hectares to the odd 750,000 previously dedicated to cereals.

The official statistics, allowing an average yield

of 30 bushels to the acre, (at 64 lbs per bushel, equal to 20 fanegas per hectarea at 77 kilos per hectolitre) estimated a total yield of 77 million bushels, or 2,000,000 tons; approximately one quarter of the total annual consumption.

Previous to the war England grew one-fifth of her total wheat consumption, so that at the same rate of consumption she was now growing one quarter which, although a splendid achievement under war conditions, nevertheless leaves her far from self-supporting.

### ITS RESULTS.

Of the 300 millions bushels she consumes annually she is now producing 75 millions; the remainder she still has to import.

It would not be fair to jump to the conclusion that because home production has not attained economic independence in England, nothing has been achieved by the measures adopted. The object of the measures were not to make England self-sustaining. Their essential object was to reduce importation of foodstuffs, and this was attained; most remarkable of all, it was done despite the absence of over 5 million men from England. Allowing for foreign importations for these and enforced reduced consumption at home it was not bluff when the statement was made that England could maintain her population for 40 weeks of the year.

### CAN ENGLAND BECOME SELF-SUSTAINING ?

Adequate scientific farming undoubtedly could place England beyond the need of importations, but only a slightly different system of diet would have to be the custom, but here lies the difficulty.

An eminent authority on agriculture, Dr. Hunter of the University of Edinburgh, in a remarkable study on England and Food supplies published some years ago, demonstrated that not alone can England maintain the 40 millions of inhabitants of to-day but that double that number can live in abundance on the products of England's soil.

England, then, by the measures favouring the cultivation of her soil, was able to reduce the importation of cereals by nearly 3 million tons or by nearly 25 per cent.

## ARGENTINA EXCLUDED.

Argentina exports annually on an average nearly 3 million tons of wheat, nearly a million tons of oats, and half a million tons of linseed, so that the amount of the economy effected represents the greater part of our average exportation. All this does not go to England however.

Does this mean that we are going to be the sufferers from this increased production on the part of the English farmer?

Of the 7 million tons of cereals actually consumed in England annually, 10 millions are imported from abroad, and of these latter wheat comprises some 7 million tons. The seven million tons is imported from India, Russia, Canada, Australia, United States, and Argentina; logically then all will suffer in proportion.

Now we come to the question of whether Argentina will maintain her share of the diminished trade in cereals with England.

The call made for increased production at home was echoed all over the British Empire and was answered by Canada, India, Australia, in a manner unparalleled in history, taking into account the fact that the increased production was accompanied by reduced consumption on their part, so that huge quantities of cereals were placed at the disposal of the motherland, in excess of the actual increased production.

In gratitude thereof, a determined outcry was made that in the future the Empire should have the preference in the English market over all other competitors in the sale of its surplus stocks.

Canada, to cite one example, responded admirably to the demands for increased supplies, the value of the products from her fields rising by 88 per cent. when compared to four years previously, or from \$638,000,000 gold, in 1914 to \$1,200,000,000 in 1917.

## EMPIRE WHEAT.

Indisputably it meant the exclusion of Argentina. The denouncing of all previous treaties, the calling of a British Imperial Council, and many other similar war measures were indicated as steps in the direction of Imperial preference, and the knell of free trade.

Various were the statistics invoked demonstrating the possibility of the Empire being self-sustaining.

The estimated consumption for the whole Empire,

based on the figures of production, exports and imports, is about 23 million tons: the deficit which would have to be made up from sources outside the British Empire is about one million tons, so that in normal years it could supply its own requirements to the extent of 96 per cent.

At first this smallness of the demand on outside parties for wheat supplies made it possible for the Government to acquiesce to a programme of Imperial Preference, and there was considerable enthusiasm over the project, but later on the same causes led to cold water being thrown on the suggestions, precisely because it was not worth while to worry about excluding such small participation, especially as it was remarked that it was dangerous to rely on limited sources of supply, and in any case since many of the British investments had been made with the object of securing adequate supplies from other lands, these would be seriously affected. Finally while it was admitted that it was desirable to develop the British Empire to the utmost of its resources, at the same time it was declared that this should not affect other countries which had built up a trade relying on England maintaining a continuous policy in their respect, and with this argument the cry over Empire wheat ended.

We then come back to the fact that as far as other competitors are concerned we stand on the same footing. Not on our own merits, it is true, but because of the traditional sane policy adopted by England regarding foreign trade.

### WILL WAR MEASURES INFLUENCE OUR TRADE ?

In regard to the question of imports in England being influenced by the favoured conditions ruling for home produce, we know that English farmers enjoy a special price, guaranteed them by the Government.

The prices guaranteed were, per quarter of 480 lbs. and 300 lbs. respectively:—

	1917-18	1918-19	1920-22
Wheat . . . . .	60 -	55 -	45 -
Oats . . . . .	38 6	32 -	24 -
Potatoes £6 per ton.			

Actual prices ruling average, 1918: Wheat 90|-; Barley 71|4; Oats 56|-; Potatoes £12.

These guaranteed prices are to extend over a period of years, to the year 1922, so that the English

farmers will be amply compensated for the changes in cultivation, the replacing of stock, the destruction of the meadowlands, their inversions in machinery, etc., as it was evidently foreseen they would possibly have to renounce cereal growing later on because of foreign competitors.

As we have seen by the repeated assurances given in the House of Commons, there is no question of any attempt being made to exclude foreign grown wheat, and these premiums on home grown produce are not to be maintained as a system of taxation on foreign imports.

### CORN LAWS.

Much has been made out of the possibility of England adopting another policy, favouring home production against imports, or what is equivalent, the re-enacting of the famous Corn Laws.

There is certainly no reason why the attempt should not be made: it has been done before, but without success. If we study the history of all the various wars England has been engaged in we see that this question of favouring home farmers has cropped up regularly.

### THE TAXATION OF IMPORTS ON GRAIN IN EUROPE.

All countries except England have recognised the equity of helping home produce against foreign imports:

All countries have sought to secure prosperity to their own farmers, at the cost of all the inhabitants of the country, by making them pay slightly higher prices for the articles of food, but offering in exchange the security of being relatively independent of outsiders in times of war.

Personal security has weighed in counselling the adoption of tariffs against foreign importations of foodstuffs. The prosperity in Europe of farming cereals depends on the prohibition of cheaper grown foreign cereals.

Whether in the light of recent experiences this policy will be persisted in we cannot tell, but there are signs that despite its relative failure during the war it is still the corner stone of the greater part of the political programmes of most European countries.

France permits imports and exports of grain when prices fall below or rise above certain limits. This was also the basis of the Corn Laws of England. French Tax on imports from outside Europe 60 cents per 100 kilos on grain; 1.20 francs on flour: on imports from European countries 3.60 francs on grain, 4.20 on flour per 100 kilos.

Holland and Portugal have similar duties. Spain has still more onerous taxes on grain imports. Italy the lightest of all. Austria, Prussia, Germany, the Scandinavian Countries, all tax in one form or another the introduction of wheat, except in years of disastrous harvests.

Russia, one of the largest cereal exporting countries prohibits the importation of cereals under any circumstances; she likewise endeavours to stop all foreign commodities entering, except they pay heavy duties.

The all-Russian policy is most clearly exemplified, in the persistent attempts to secure that all sold in Russia be of Russian production. Everything of foreign manufacture or origin is extraordinarily dear compared to the home article: yet everyone who can, purchases the imported goods.

Protection reserves the home market to the National industry; it gives it a considerable measure of security and therefore favours industrial and agricultural enterprise on a large scale.

### FREE TRADE IN WHEAT AND ITS CONSEQUENCES.

In 1846 Prussia and the Baltic Provinces were the chief sources of supply to England. Transatlantic trade was unknown. In 1871 Russia and U.S.A. were the chief sources. Ten years before, imports from Canada and U.S.A. scarcely figured in the total list of sources. Argentina was last on the list, with hardly one tenth of the quantities from Australia or India. Chile sent ten times more than Argentina: in fact we imported more often than not from England.

Free trade in wheat in England dates from 1849, although it was only in 1860 that all restrictions were abolished. Up to then there was a nominal duty of 1/- per qrt. on wheat and 4½d. on flour per cwt. so that we have had only 50 years of Free Trade in cereals. It is however generally conceded that the measure has proved its utility, especially in regard to the relatively small effect of the Blockade during the re-



cent war.

However, should anything in the way of a change of policy in regard to the freedom of the seas result, or should any other nation eventually reach a position to challenge the supremacy of England's fleet and should the dominating position of controlling the sea be lost to England, then there must be an end to free trade in wheat in England.

Our prosperity, so much as it depends on the exportation of wheat to England, is bound up with the supremacy of England on the seas. As things stand at present we stand and fall with England.

The theory of Adam Smith was that a country would be, in a sounder economic position if its capital were employed at home in developing natural resources, than in building up a foreign trade by stimulating native industry elsewhere.

#### FREE TRADE *versus* PROTECTION.

While the agitation over the advisability of maintaining taxes on foreign imports of wheat has lasted it has seriously affected those countries relying on England as a client for their surplus produce.

Curiously it was to a similar attempts to impede the introduction of foreign grown cereals, after the Napoleonic wars, which so seriously affected the then sources of supply (the Baltic Provinces, Northern Russia, and Prussia), that led to the elementary basis being laid for various of the co-operative associations whose names are now familiar, to the germs of the elementary Schulze-Delitche and Raffeise co-operative efforts, and to the establishing of warehousing as one of the fundamentals of cereal growing for export. A study of the attempts of the then statesmen, of 1819, demonstrates how eternally the same problems are presented for elucidation by the men at the helm of the ship of State.

#### ENGLAND MUST IMPORT CEREALS OR CHANGE HER SYSTEM.

We have, however, the assurance that no matter how energetic the steps taken to induce the State to favour home products, unless England becomes depopulated to the extent approximately of 75 per cent. she will have to continue importing cereal stuffs.

The only effect, then, which England will have

with her bonuses on home produce is to permit the sale of cereals in England at less than the actual cost of production at home, or the price can fall to the extent of the difference between the bonus or price guaranteed and the actual cost of production.

What we have to fear is not the limitation of our exports or the action of any tariff reform, but the low price of cereals in the importing markets.

### LOW PRICES FOR CEREALS IN STORE.

It is true that if the price is very low it will effectively prevent any extension of cereal production in England after the period of State guaranteed prices, but likewise it will imply various years of precarious prices for our own farmers.

In this respect I am inclined to prognosticate a period of relatively profitless cereal growing. On one hand, we have the promise of increased consumption resulting from renewed activity industrially, but on the other hand we have need of years to digest the augmented production both in Europe and all over the rest of the world. We have an epoch of relatively inflated prices producing its effects in suddenly increased production. We have the chief consuming countries compromised in a policy of extensive production for several years to come, irrespective of consumption or the profitable nature of the enterprise. We have an era of inflated prices due to the emission of paper money, war loans, etc., all of which tend to reduce consumption, through enforced economies, to the majority of the population, and worst of all for exporting countries like us we are threatened with a series of years of unrest with dislocated transport, etc. This last is the first thing that makes itself felt in trade, and does more damage than all the rest put together, because in the case of cereals it means delays in transit, long periods between the harvesting on one part and the consumption on the other, in which even with the best of precautions the article suffers great depreciation or becomes non-consumable.

Tranquillity is essential for trade, and doubly essential for cereals—the most difficult to handle of all articles of commerce,—the chief product of the farmer and, though his least perishable of all products, nevertheless the most susceptible of loss.

## WHAT MEASURES DOES PRUDENCE COUNSEL?

### *Elevators, Grain Granaries and Warrants.*

Against the possibilities of delayed dispatch we must prepare by the erection of suitable storage places, and against the financial disasters of accumulated harvests, we must prepare by the utilisation of the warrant.

### STORAGE AND THE REGULATION OF SUPPLY AND DEMAND.

Against possible abundance of production and restricted demand we must have recourse to storage. We have the scientific basis of calculation and observation to the effect that every fifth year (approximately) cultivation is a failure as far as cereals go, that production on an average does not come up to consumption, that no country is actually independent, that every two years out of five the poor harvest affects the average of consumption. It has to be reduced, or made up by imports from foreign countries.

### STORAGE ALONE CAN NORMALISE THIS.

Against low prices ruling in comparison to costs of production, we have no remedy but we can at least reduce the costs of production to a minimum by adopting every possible economy. Under our present system of production we know that we can still produce cereals at one half the present cost, that we can still compete even on the present basis of prices and make our fortunes if we undertake to work and produce under modern systems with modern aids. We have an extraordinary margin for economic warfare. Cereals can fall to less than \$6 per 100 kilos on our market and we can yet undertake their cultivation with profit to ourselves, if we will but adopt rational methods. No producing country has so many possibilities as Argentina in its favour. none can cultivate cereals for sale at such prices on the consuming markets of Europe; the United States because she needs for her own consumption; Australia lies less favourably placed by nature, in every respect by distance, climate, soil, facility of cultivation; New Zealand the same; Canada too, is in a similar position, due to her climate and the tremendous distance of land transport, and the facilities of disposing of her crop nearer home at better prices; India because she has a

vast population at home disposed to consume more and more of what she grows if the price is low enough; Russia because of the disintegration her agriculture is suffering, and the possibilities of eventual home consumption; Rumania and Hungary because they, too, have, clients at their doors; the rest of producing Europe because the system of exploitation of the soil and the heavy burden of taxation do not allow remunerative exportation at all.

### WHY CAN OUR PRODUCE COMPETE?

Because of cheap land, cheap labour, greater production, easy expenses, absence of manuring and fertilising, better climate, greater quantities with less labour, and cost, combined with primitive living methods. When our methods become too expensive, our export trade is killed automatically.

If we increase the cost, we kill production. Cheap production is the life blood of our export trade in wheat as it is of every one of our competitors. Our crops cannot compete effectively with the consuming countries' home products only, when years of bountiful harvests affect the consuming markets.

The secret of our success is not alone that we have produced more than we consume but we have produced it cheaper than our competitors. The only way to increase our wealth, to pay off our debts, is by working more, producing more and spending less, saving where we have been in the habit of spending, or wasting.

### OUR TREMENDOUS ECONOMIC MARGIN.

Therefore export we can, and do it remuneratively no matter what prices rule, if we put our house in order.

We can face super-production, at home as well as abroad, because we can produce cheaply, and because we can produce cheaply we can treble our production, can afford to store it away, keep it for years and yet sell it profitably. We have a margin in our favour greater than has any other land.

Efficiency in farming Argentina, by bringing her farming up and beyond the standards of North America, will not only increase her production but at the same time permit her to undersell her competitors, and yet increase her income and the total wealth of her farmers.

## THE TRUE ORIGIN OF OUR DOUBTS.

We have then nothing to fear from foreign competition or measures of exclusion on the markets which are at present our best clients; our fears for the future do not come from the outside but from the inside.

## FUNDAMENTAL GROUNDS OF PROSPERITY.

Our prosperity, present and future, is based on the more general employment of the most perfect and useful methods yet conceived in Agriculture.

We are convinced that by employing similar methods to those in the United States we can attain unparalleled prosperity.

The erection of Elevators and a general system of Grain Granaries is the basis of this system.

We have seen that serious studies have been made and the adoption of such a system offers no difficulties either morally, industrially or financially.

Opinions only differ as to whether the Elevators shall be controlled by the State, by bureaucrats and by politicians, or by experts.

I think the general verdict in the Argentine Republic is in favour of commercial enterprise, and that all who centre their hopes on seeing Elevators really created as a practical Agricultural resource rely for guidance not on party politics nor on visionary socialistic well-wishers, but on exports and business men.

Commercial enterprise is the only sphere from whence definite proposals have come forward, therefore, pending the realisation of State socialism, let us proceed commercially.

Up to date, the chief obstacles for the practical realisation of Elevators have come from the State.

There is no reason for our present Government to follow this policy.

## THE STATE AND OUR PROGRESS.

The conservative spirit which characterises our Provincial Governments, the comparative lack of ambition on the part of our rural population, proprietors and "peones", the want of education, the absence of social and true political life, the relative poverty, etc., etc., prevent our farmers from availing themselves of modern and approved methods, such as Co-operation has secured for other lands.

In modern times prosperity is not won by those nations which possess the largest territory, or the greatest latent resources, but by those which are the best equipped, best organised and best directed.

Hence the State which follows a policy of *laissez-faire*, which entrusts the guidance of its Agricultural policy to doctrinaires or party politicians, which deliberately discards the idea of utilising commercial enterprise because backed financially by other folk, rejects, the real co-operation of labour and capital and will find itself at a great disadvantage in competing with organised nations directed by experts.

### MODERN IDEAS OF GOVERNMENT.

We have before our eyes the possibilities of modern thought as exemplified in tendencies of State control.

The struggle now proceeding all over the world for the control of the office of Government is based on one primary principle, common to all countries and all parties, that is that the most competent man shall fill the post, that the appointments of Ministers and directing functionaries shall not be synonymous with personal or political influences; they shall be chosen from among the best and most competent citizens.

In this country there is no valid reason why the citizen who is the chosen confidential adviser of the President, should be temporary chief of a great administrative department. Administration is one thing, politics is another.

If the person elected to fill the post of administrator of the chief sources of wealth is competent, then he certainly should be allowed to remain there whatever change of Government takes place.

Against this shuffling of posts, this appointing of persons without proper competence for the posts they are elected to fill, the greatest and most continuous outcry has been raised, for its disadvantages have been long recognised. The United States, which places all responsibility in the hands of the President and allows him no responsibility other than his own, has attained remarkable prosperity through the wise adoption of the plan of the right man in the right place.

### THE NEED OF A NEW POLICY IN AGRICULTURE BY THE STATE.

The continuous changes in the appointments of our

Ministers of Agriculture have effectively impeded any real progress towards securing that stability in prosperity for the chief sources of our wealth—Ganaderia and Agriculture—which their importance warrants. Ganaderia and Agriculture are our mainstay: they are the life and death of our existence as a Nation.

We spend considerable sums in the interest of Agriculture and Ganaderia: although comparatively nothing compared to the funds devoted to a like object by the United States Government. On agriculture alone the U.S.A. spends \$22,000,000 gold annually. We receive no practical benefits from our expenditure.

If we invite the opinion of any of our camp dwellers as to the utility and benefits he receives from the Department of Agriculture, the answer is always unsatisfactory. No one has more than the vaguest ideas of what is done or even what is attempted by the State in the interests of the country folk.

The question is so often put as to the actual benefits derived from the existence of the Department of Agriculture, that I am convinced that if it were abolished to-morrow, outside the employees actually affected by their dismissal, nobody would be the wiser. In the long run one is convinced that the utility cannot be very appreciable, otherwise it would not be discussed, it would be felt effectively if it were real.

There is one section which comes in for more notice than the rest, that devoted to Statistics. But its labours are not taken advantage of, either through lack of knowledge as to their utility, through the absence of general education sufficient to appreciate their use, or through the haphazard way they are placed before the public both as regards time and detail.

Annually the office concerned with the computation of the areas sown issues a series of figures: but the deductions and prognostications are left to those interested to deduce for themselves.

Of course it is useless to throw the blame for the poor popular opinion regarding the Department on the officials, who at least attempt to fulfil their duties in many cases without any particular appreciation on the part of the State. The blame lies in the system adopted. It is sufficient to make the acquaintance of, say, the North American Department of Agriculture to appreciate the difference.

Statistics to be of any practical use must be complete.

We do not only want to hear what the future pro-

mises this year compared to what the future promised last year, but we need to be shown what we realised of that promised, and what were the causes of success or failure. We want to know how far our expectations were defrauded and the reasons therefore, and how we can avoid the mistake in the next attempt.

Well may we ask what are the use of figures unless we learn practical results from them? This often appears lost sight of altogether by the parties concerned in their compiling. Often the question of understanding them is thought of the least importance and a mass of unintelligible details is the results of the year's efforts and expenditure. Books and pamphlets that few read and many ignore can hardly be said to fulfil the object of the existence of a department, and since we cannot abolish statistics, much less a Government department, let us have at least the work made intelligible to the great majority. Since it requires competent men to collect and read advantageous lessons from the results of statistics, for which reason they are collected, then let the same gentlemen make their voices heard annually in deciphering the experiences of the past, which, together with the prospects of the future, should be brought home to all our farmers.

In dwelling on the shortcomings of the Statistical department I do so because it is one of the most important guages we have of our actual prosperity, and the most important of all in the Ministry of Agriculture.

Statistics to be of any use must be understandable, not solely by those who dedicate their lives to the study of rural problems but by everybody.

If this is not the case then more often than not they are more prejudicial than useful.

## OUR MISMANAGED AGRICULTURAL MINISTRY

The absence of any definite plan is noticeable throughout.

How evident at times is the absence of any sound plan of working in the Ministry of Agriculture, and how prejudicial at times is the counsel extended? Examples of such are many; one will be recalled by the propaganda undertaken to influence the extension of cereal sowings.

We were all only too familiar with the placards issued by the Ministry counselling us all to undertake the cultivation of cereals, placards which not only deco-



rated our railway stations but also the pages of the press and even the walls of our city houses and interiors of the trams.

## PRACTICAL VERSUS IMPRACTICAL COUNSELS

But to the practical mind would it not have been just as profitable to have counselled the reverse, to sow less and reap better, to risk less and gain more, to harvest little but good grain, and for what one does harvest to get full value? This is the side of the question which our farmers are beginning to ponder now that they are counting up their gains and losses, expectations and realisations.

When counselling the farmer to launch out on a mighty scheme of production, would it have not been wise to add that the same propaganda was being made all over the world, but with the difference that it was being made in countries amply prepared to deal with increased crops?

Would it not have been more practical still to add what measures the Government was taking to make the plans of extended cultivation a practical success?

What preparations were in view to defraud speculators? What was intended in the way of facilitating the necessary finance? What was being provided in the way of sacks? How the farmer was to get rid of his crops? What the State was prepared to undertake in the matter of guaranteeing that none of the old time difficulties cropped up? etc., etc.

I am sure all farmers would have liked to see a list of what the Government was going to do to help them to realise the prognosticated prosperity.

And this is the crux of the situation; what does the State do towards helping our Agriculture, and what are its plans for the future, since it is essential to know what we are going to do before we can proceed further?

Of course I do not pretend that the mere announcement of a definite plan of Agricultural reform will help the farmer out of the hole he is in to-day.

There is every reason, however, to suppose that if a determined stand were made and a serious endeavour attempted to get out of the rut of routine into which the Ministry has fallen, much could be achieved practically, which at present has only an academic interest; more often than not merely the copying of some other country's doings without reference to local necessities, or even the intention to persist in the experiment till it

reaches a definite practical basis of utility.

It is not in the quantity of money spent in propaganda, nor the salaries of the experts contracted from all parts of the globe, nor in the well-intentioned efforts of one Minister alone, but in persisting along one line of conduct even if contrary to certain vested interests, until something definite results. At present, by comprising every phase of agricultural enterprise in the scope of its labours, by attending to every shade of opinion (home and foreign) as to what could be done, far too much is attempted at once, and in the plethora of good council we are steadily drifting to ruin.

One has only to look back through the annals of our Ministry of Agriculture to appreciate the enormous amount of wasted efforts: there is scarcely one solitary project which has been definitely incorporated into our farming practices.

The understanding of the problems from a practical standpoint is what is required in the majority of cases.

Ministers and officials, year in and out, recognise certain failings, but where are the attempts persistent enough to remedy them practically?

How can we explain satisfactorily the diffidence over Elevators after the statements made by various Ministers of Agriculture regarding their utility?

If such statements were not based on sound calculations, were the results of faulty observation, how is it that no refutation has taken place, and if on the other hand the truth has been stated, how can we explain that no further efforts have been made to push the matter to a logical conclusion? Surely such a work corresponds to the one body to which, nominally, the interests of the farmer are confided.

In regard to supervising the interests of the farmer the Ministry of Agriculture stands condemned in its own utterances.

It knows the weaknesses of our agriculture, has a remedy at hand for them, yet does nothing to push its application.

Many are the weaknesses in our cereal farming system but I believe it is universally admitted that the fundamental weakness is its unnecessarily wasteful ways of working, and in the suppression of these wastages lies the solution of many problems apparently without remedy to-day.

The recovery, through more efficient methods, of the sums wasted through uneconomical ways of work-

ing will contribute greatly, if not as I maintain be sufficient in itself, to solve every other problem.

Once the business of farming is put on a sound basis, and it is demonstrated practically that it is highly profitable, not one year or two years in five but all along the five regularly, then all propaganda in favour of extending cultivation, for the implanting of colonies, the establishment of homesteads, of the advantages of side products, of the needs of fixed tenancy, etc., etc., would fall on willing ears, for farmers would be in a position to put them into practice.

The steady profitable return on money advanced for agricultural purposes will influence more capital being invested: it will mean greater movement, more people employed, and would provide the solution towards peopling the land, not alone by immigrants but by the people already in it.

Colonisation and the peopling of our land are the themes of endless discussion.

### POBLAR ES GOBERNAR.

The U.S.A. is busy trying to remedy the state of affairs regarding immigration; she fears that after the war all immigration will cease.

Under the new immigration laws, in order to obtain sufficient labour for the railways and additional labour for the agriculture work, the immigrant on arrival at the port will be secured work by the State, and part of his salary, automatically deposited in a bank, will be returned to him on completing the harvest or when he leaves the country. It is hoped by this change in immigration policy to secure labour which is needed, and by measures of supervision obtain that no person should leave the country without having enjoyed certain economical prosperity. The assurance of work and the tuition of the State, it is hoped, will overcome agricultural labour shortages.

### HOMESTEADS.

The interest of the State is in creating a rural population, and this can only be done by creating a definite interest in the place they reside. The most powerful adjunct to this is the home, but not precisely that class of "rancho" with which the average camp dweller has to content himself: something better must be aimed at.

The greater the quantity of household effects a man possesses, the lesser the tendency to move. A nomadic population does not benefit a modern State nor can any State prosper which holds, as Argentina does, such a high percentage of unmarried men. Generally speaking, unmarried men are useless to the State no matter what high positions they are called upon to fill. The true interest of the State was outlined, with unconscious irony, by Carl Marx: the proletariat productive and prolific. The present system of only employing unmarried men in the camp is noxious to the best interests of the country, although practically speaking it is the only resource the "estanciero" has, for it limits his expenses, and he thus attains the maximum of labour from the men he employs.

The unmarried men can find no place in the modern theory of a progressive state, much less in one whose motto is "Poblar es Gobernar."

There are insufficient colonists in this country to farm the land and not one tenth of it is farmed on really economical lines, such as are common to Europe.

Farming is a complicated thing that requires some years of practice, if we seek to run it on really modern lines and utilize waste products.

For this our farmers must be educated up slowly.

In England, practically the whole Agricultural land is cultivated by persons who hire it for a limited time from the owners.

In the United States only 10 per cent. of the land is hired: the land occupied and farmed by the owners is approximately 60 per cent. of the total cultivated.

Small holdings are not in themselves necessarily economical. Unless they are run on proper lines they are no more profitable than exploitation on large extensive lines. On the contrary, there is a limit below which it is not possible to economically reduce the extension of a farm.

## LATIFUNDIO AND SMALL HOLDINGS

On a big estate where there is a good land owner, who resides on his estate and who reserves himself the right to supervise his tenants and demands a certain grade of cultivation, the results are superior to the same estate farmed indifferently by a number of small farmers, or tenant-owners. This is exemplified in Russia, where the breaking up of the large estates has been accompanied from the very first with reduced production.

The curse of the land is not the large estates but absenteeism on one hand, and ignorance and poverty on the other.

Towards remedying these the first steps are towards making our agriculture profitable, then on the sowings of our farmers, we must build our homesteads, our small holdings.

Without money in the pockets of our rural population, no progress is possible.

The days of big extensions of land exploited in cereals are over. It is more economical to exploit by means of small holdings.

The days of "golondrina" immigration favoured large exploitations. Settling the country in small holdings means really reducing the prospects of the "golondrina" immigrant.

Have we not an expensive Hotel of Immigrants with a department to which is confided the care of and propaganda in favour of this source of revenue to the State?

Yet it is certainly not logical to devote money to bring folk to our shores, and when we have got them here to occupy ourselves no more over whether they spend their time here profitably or wastefully to themselves—and ourselves.

Still less is it logical to devote our energies to bringing more people here when those already here are not economically content with their labours.

Of what real use is the "golondrina" immigration to us unless it leaves more in our pockets than it takes away?

It is, I am aware, an economical method of supplying labour for our rural enterprises, but still more economical would it be to, supply the labour we have got with a fixed economical situation. The people who go out of the country are of less preoccupation to ourselves than those who remain.

What we want is to put money into the pockets of our native population first, and this we are assured Elevators will do.

A system of Grain granaries will make land cultivation in cereals profitable, and since the majority of our immigrants devote themselves to the cultivation of cereals, or find their chief sources of labour in its production and handling, then if we desire immigrants this should be the first measure taken. It will solve our problem of a shifting rural population, too.

The present system of long rotation—animals with

cereals—under which much of the land is cultivated economically, with its consequent results of growing cereals till the land is tired, and then letting it lie fallow to recover under animals, will no longer be remunerative in many cases, when we have rational facilities for dealing with cereals. The long period of lying fallow will not be recompensed by the previous gains, nor will the landlord find it to his advantage to allow the farmer to move on, when it is profitable for him to stay. When it is steadily profitable for him, the farmer will look after keeping the soil in good condition, and he will find it steadily profitable when he has more facilities for marketing his crops—railway elevators, warrants, credits, etc., etc. Thus, half the problem of fixity of tenure lies in establishing bases for steady profits, and elevators in this sense are the longest stride in the right direction.

### THE TRUE BASIS OF PERMANENT COLONISATION.

Without a certain fixity of tenure it is useless to dwell on the utility of side issues, of pigs, of hens, of milk, of cheese, of anything which requires the inversion of money in fixtures, of fruit trees, of bees, etc., etc., which need time to become of use to the tenant, and all of which he cannot take away with him when he gives up the camp. These are rural improvements which in general are of no use to the owner of the land, and which he is therefore never disposed to pay for.

### LAND IMPROVEMENTS BY TENANTS AND COMPENSATION.

Regarding the possibility of obliging land owners to pay for improvements, of compulsory compensation on one hand and obligatory improvements by the tenants on the other, whether the law should refuse to recognise any contracts that do not contain compensative clauses to be inserted in their contracts or leases, I must say that I do not see how one can expect any improvements on the part of the tenants, under our short lease system, unless they have the hope of eventually purchasing the land. There is not one single improvement which they would enjoy long enough to make it worth their while to create.

It is true that no landlord should lawfully be able to withhold his assent to any improvements once he has

been notified by the tenant of the intention of undertaking them; as a matter of fact he never does, because it is so rare that a tenant attempts an improvement, unless obliged to.

In other countries the value of the improvements and their extent of compensation has been fixed: on the buildings, barns, irrigation, ditches, wells, trees, metal roads, stone, paths, fences, wire, on a basis of the improvements being exhausted in 20 years, or at the rate of the total cost less one twentieth of the original cost per annum of use.

Manurings, field ditches and drainage, etc., calculated to last 7 years, on a similar basis, less one seventh of the cost per year from time of their termination.

Without money to put theories into practice and without interest to persist in carrying them through, much of the good work of well intentioned parties is irrevocably lost and many of the excellent measures advocated by the experts of the Ministry of Agriculture are condemned to remain excellent advice and nothing more.

This is evident in the failure to attain anything practical through the experimental "chacras", the poor results of the efforts to introduce seed up-grading, the stamping out of plagues, the custom of utilizing waste product on the farm, the minimum number of pigs found around our "chacras" despite the insignificant price of maize, its abundance and the relatively high price of pork, both on the rural and urban markets, and above all the persistence in routine, the most curious phenomenon of all in a country populated by immigrants, which evidently points to the fact that enter-price is not remunerative.

All this must lead one to the conclusion that our present system in the administration of the Ministry of Agriculture is defective. On the other hand we know by experience of other countries, notably the United States, what can really be done through the action of the State.

In a serious effort to put our house in order, an attempt to establish a sound plan of Agricultural development must be seconded by an active and well organized Ministry of Agriculture.

What do our farmers want done to help them and what measures are demanded by the Grain buying houses?

If we are to attend to the announcements of the different Agrarian Leagues:

The farmers want the State to come to their help so that they will be able to dispose of their crops remuneratively.

The farmers or "chacareros" who are tenants want their rents reduced.

They want better terms of credit for agriculturists.

They demand fairer conditions of land renting, longer contracts, and less onerous clauses,

They ask for better roads.

They want a stop to be put to their exploited by everybody they deal with, that is, they want cheaper articles all round.

The majority of the Grain brokers want the Government to push the sale of the crop abroad.

To give the home markets a firm basis so that they are not subject to outside speculators, or to the pressure of the big exporting concerns.

To endeavour to reduce the freights, to provide better handling and shipping facilities.

To make operations as easy on the home markets and exchanges as elsewhere, so that similar benefits can be enjoyed from financial deals, from options, etc., as in other countries.

To make warrants, grain certificates, etc., really effective.

### STATE ALLIED WITH COMMERCE AND INDUSTRY.

With this must go a well-founded scheme of State action.

For good or for bad we have henceforth, at least for a decade, to expect conjoint action on the part of the State in the interests of trade: Politics with Commerce and Industry, indefinitely mixed. All over the world there are the same symptoms; all countries are drawn into the same net. It is impossible to define where the State shall cease and Private enterprise rule undisturbed.

### TIME FOR ACTION, NOT FOR MORE WORDS

But whether the directing of our efforts is to be assumed by a State official or by a private body is immaterial; the essential is that a definite course be adopted, and stuck to. Above all, action.



Our aims towards Agricultural prosperity are simple: on one hand to increase our profits and on the other to reduce our costs. We all recognise that to obtain greater gains than previously we must combine, or at least there must be united action. All this urging to economies and action is useless if nothing is done practically, for no combination will result from good advice if good advice is alone tendered. This is evident in the poor results of previous Government efforts up to date since there is a plethora of good advice in every Government publication, and this without any appreciable results practically.

### THE DISCUSSION OF OUR AGRICULTURAL PROBLEMS.

When one reviews the enormous output of literature from the pens of all and sundry regarding the problems which eternally afflict our agriculture, one is amazed that such a prolixity of discussion should achieve such little practical result.

Add to this the daily average debating of our press, the innumerable publications which are issued under the guidance of the Ministry of Agriculture, many of which are full of excellent advice, which can be gleaned from studies of all the world's literature and which demonstrate application on the part of the employees, and one must be in reality inured against surprise not to be astonished at the mountain of intellectual labour which our agriculturists draw from the thinking population.

To cite one item alone, the question of farm credit; carelessly compiled statistics of what has appeared in reference to this matter in two of our leading newspapers during the last five years, shows that no less than one thousand observations have been made in different articles dedicated towards solving the difficulties of farming in cereals.

A glance back over the files of the newspapers of the Capital demonstrates that in the same period no less than ten thousand articles have been printed concerning the sack question alone.

To the lover of statistics I venture to suggest that there is an ample field here for observation, and would hint that the compiling of figures concerning the amount of publicity referring to the disabilities of farming in the Argentine Republic would be highly interesting. Regarding my own efforts to keep records,

I may remark here that an attempt to keep pace with the public discussion, as exemplified in the columns of the press, and in the form of cuttings, had to be abandoned in the third year: the collection had grown so unwieldy as to be absolutely useless for any purposes of reference.

I may here be permitted to recall an observation which appeared in no less a staid authority as the Encyclopedia Britannica, regarding the press in the Argentine Republic, in which it was stated that its characteristics feature was an unlimited capacity for plagiarism. Having been a journalist for many years I can appreciate the sentiment.

Referring to the average complaint raised in the press in favour of the Argentine farmer a review of back numbers of any of our leading periodicals will effectively convince the student of Argentine Agricultural Problems of the truth of the saying that there is nothing new under the sun, and much less any novelty on the Argentine farmer's earth.

The demand of scribes and intellectual folk generally are that the disabilities of our farmers shall disappear, and, since with the erection of Elevators some 50 per cent. thereof, at least will so disappear, then undoubtedly the occasion for much penmanship on old themes will vanish too, for when all is said and done even pressmen are glad of something new to write upon. Then in the interests of all, farmers, Press and State generally, I humbly beg to be allowed to insist on something being done, but not something in the vague sense of the word, but in its definitive acceptance, that is Elevators and Grain Granaries.

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