

Is the Farmers' Complaint Justified?

The St. Paul *Pioneer Press* has published the results of an elaborate investigation into the question whether the wheat farmers of the country "have been and are being deprived of a portion of their rightful profits."

The repeated assertion is recalled that "the price of wheat at the elevator nearest the farm is far less than the price of it in the principal markets of the world, less the cost of transportation from the field to the point of final sale," and it is asserted that this apparent discrepancy constitutes what is sought.

It is charged that "some think that the guilt lies with local elevator men, who combine to depress prices, buying on a low range and selling at a handsome profit as soon as the grain is within their reach. Still more believe that the shrinkage is due to extortionate charges by the railroads, and from this have arisen repeated demands for reductions in freight rates."

Others, again, find the difficulty in the elevators at terminal points and primary markets, where, as they assert, grain is so manipulated, and prices are so arranged, that the bulk of the profit goes into the hands of great corporations. And finally, still another class of people see, in the existence of speculation in food products, the cause of shrinkage in prices between the farm and the market, and execrate the "bear" interest for its alleged work in keeping the market price of American grain several cents per bushel below what it ought to be by comparison with English quotations."

In brief, the charge is that the excess increase of the price of wheat between the primary market and Liverpool, that portion of the increase not due to legitimate cost of transportation, is due to

1. Elevator manipulation at primary markets; or
2. To extortion by railway companies; or
3. To elevator manipulation at terminal points; or
4. To "bear" speculators.

The claim is in fact practically made by the writer of the article, though not in so many words, that the price received by the American farmer should be the price paid by the foreign buyer less cost of transportation and other "incidental charges."

This is probably true, and we fancy that the only dispute which possibly may arise on the point is as to what constitute (legitimate) "incidental charges."

In the endeavor to answer the question which the *Pioneer Press* raises, and which it answers in the head-line to the article, "The Farmer's Complaint Justified," the writer of the article traces, with the aid of specialists, experts and data said to be unimpeachable, "the progress of a bushel of wheat all the way from the field in Minneapolis or Dakota to the market in Liverpool." It follows similar bushels of wheat during three successive years, so that it might learn "whether a conspiracy had really been formed, and whether the farmer in 1891 was being defrauded of his due."

In commenting upon the amount of data received, the work of verification of results and care taken to insure the elimination of error, the writer uses an expression which will, to many, even among those who sympathize with his quest, raise the issue of the accuracy of the conclusion reached in the headline he uses. He writes:

It is necessary, in order to know whether there is imposition anywhere, to know the prices prevailing in the principal markets through which grain moves in its progress from the wheat field to the consumer's larder; to know them at different periods of time, and then to compare them with the rates of transportation prevailing for the carriage of wheat from one of these markets to another. If there is any great variation between these prices, over and above an amount sufficient to cover the expense of moving the grain, then somebody is securing an unjust profit.

We risk the surprise of the writer of the foregoing by questioning the conclusion reached in

the last sentence, but waive a discussion of the point for the moment to repeat some of the data furnished within the limits of the five column article from which we quote.

Demands upon our space will not permit the reproduction of data as to cost of shipping wheat from the farmers to Liverpool for each of the months of September, October, November and December in each of the years 1889, 1890 and 1891, but it may be well to note in detail the effort "to take a bushel of wheat from the shipping point nearest the farm and travel with it to the great central grain market of the world, paying the charges on it as we go, and noting the increase in its selling price."

Beginning with Crookston as a primary market, the price of wheat there for October, 1889, is given at 61 3/4c per bushel. By the time this wheat reaches Minneapolis it sells for 77c, and at Duluth for about 73c, deducting from the tabulated price for a difference of grades. That is to say, the Crookston price is from 16 to 17c less than the Duluth and Minneapolis price. But the freight rate from Crookston to Duluth or Minneapolis is 17 1/2c per hundred, or 10 1/2c per bushel. A similar difference of about 17c prevailed in 1890 and of only 13c in 1891. This shows a nearer approximation of price at one point to price at another, plus the freight rate between them, than in former seasons. The margin over and above the freight rate in other years seems to be in excess of all reasonable charges for handling. For November the difference was 15c in 1889, 16c in 1890, and 14c in 1891; and for December the Crookston and Minneapolis prices varied by 20c, 25c, and 20c in the three years respectively.

Our bushel of wheat is now at Duluth, and was worth there, in the present season, deducting an average of 3c per bushel from the prices given in the table, to cover the difference between the grades of No. 1 hard and No. 1 northern, 91 1/2c in September. It was worth in that month \$1.04 in New York, or 13c more. But the freight rate on wheat from Duluth to Buffalo for September averaged 3 11-16c, and from Buffalo to New York the canal rate averaged about 4 1/2c. The total freight charge to tidewater was, therefore, approximately 8c per bushel, and the remaining 5c difference in price goes to the account of insurance and other charges and to the expense of handling in Buffalo. The difference between the New York and the Liverpool price for the same month was nearly 24c, while the cost of ocean carriage, as we have seen, was only 9c and a small fraction.

In a summary of the foregoing it is said that the difference between the Minneapolis and Liverpool price in September in the year 1889 was 36c per bushel, to cover which there were freights, lake, canal and ocean, aggregating about 17c. Elevator and loading charges at Duluth ran from 1 1/2 to 1 3/4c per bushel. Transshipment and elevating charges on the way amounted to about 2c per bushel additional. Adding delivery charges at Liverpool, incidentals and losses, there was a total for everything covering the entire journey from Duluth to Liverpool of, say, "not more than from 27 to 28c per bushel at the most liberal estimate." With a difference of 36c per bushel in the average market price for the month, "it seems reasonably clear that from 8 to 10c per bushel is lost in the transfer; since the allowances made cover freights, transfers, elevator charges, primage, insurance and all incidentals, leaving only the interest on capital invested to be accounted for." There was, therefore, an unaccounted for balance of 10c a bushel, which this reckoning indicates was the shrinkage for an entire month (September, 1889) between the farm value and the Liverpool price.

Like calculations are given in detail for September, October, November and for December in each of the three years named, after which, in generalizing from the exhibit, it is stated that "in tracing the course of a bushel of wheat from the place of production to the ultimate market, that there are additions to the cost of it as it moves toward the consumer, or subtractions from the price of it as we pro-

ceed toward the farmer, which are not accounted for by the costs of carriage, and which could hardly be due, one would think, to appropriation of profit by the shippers and handlers of grain."

We hardly think our contemporary succeeds in dismissing this point by saying "it could hardly be due," etc. It would seem to us, even after a careful examination of the data given, that a good deal may rest on storage and commissions for handling grain in transit not explained by the article to which we refer.

The paper to which we refer adds that "the doubt as to the correctness of this as an explanation is borne out and fortified by a comparison of variations in prices at the same points in different years. This appears to indicate that the evil is progressive; that the force, whatever it is, which governs them is something out of the ordinary course of trade; but that, at any rate, it has been equal to the task of preventing a rise in American prices to correspond with European prices to an amount of something like 10c a bushel."

There have been charges made—charges of which we know nothing—that a "milling ring," whatever that may be, exists, one aim of which has been to keep wheat prices down during the months the *Pioneer Press* refers to—until it, the "ring," supplies itself with cheap raw material for flour. Did our contemporary explode this notion during its researches?—for it appears to have shown that the "undue depression" of wheat prices at home is more conspicuous west than east. Then there is the well-beloved anti-options bill, which some heartless wretches have asserted would, if passed, restrict the home wheat market to millers and exporters, and so enable some one (or more) to still further depress home prices—but we anticipate.

Did our investigating contemporary follow any actual consignments of wheat from Fargo or Aberdeen to Liverpool and learn the real cost of moving actual stuff? For, it will probably admit, one cannot well tell what a laborer at a given city will earn in a year by multiplying data found in tables of average day's wages earned at that point; neither may the distance or velocity of a cannon ball be determined, with the customary data, if the charge is fired and the ball propelled in a vacuum; for, so far as we can judge, the foregoing calculations have been made on the theory of through shipments of wheat from the far west to Liverpool, based on average transportation rates, without taking into account what may happen in actual practice.

For instance: Not all the wheat exported goes through direct; much of it stops once or more times on the way; is stored and is sold and resold, all of which costs money—though just how large a share of the exported surplus does not go abroad on through bills of lading from primary markets we confess we do not know.

It would be interesting to see how soon the machinery of the grain trade would clog with no middlemen between "Aberdeen and Liverpool" to meet the practical wants of the situation day by day. In closing, permit us to remind the writer of the article in the *Pioneer Press*—which, however, incomplete, is a distinct addition to the final elucidation of the problem involved, because of what it shows is not responsible for "undue depression"—that "bear speculation" may as well be stricken from his list of alleged possible causes at once. As for the existence of western elevator or other "jings," he probably knows more about them, if there are any, than we do.—Bradstreet's.

The Eastern window-glass manufacturers of the United States, it is reported in a press telegram, indorse the action of the Western Manufacturers' Association, which, in Chicago last week, decided to shut down all factories on May 31 and remain idle until October 15. If the rule to shut down from May 31 to October 15 is enforced it will be the longest window-glass shut-down since the long strike of 1883.