

AN IMPORTANT TRANSPORTATION TOPIC.

THE following letter, to which we have made editorial reference elsewhere, appeared as special correspondence in the Globe a few days ago, and is from the pen of Mr. James B. Campbell, a well-known grain dealer, of Montreal. The letter says: "In the usual market report of the New York Journal of Commerce, on the 13th of November, I find the following information:—"There is also a fair trade doing still in c.i.f., No. 1 hard Manitoba at 3½ cents over December, which is going into railroad elevators and lying in boats waiting a revival of the export trade. About 400,000 bushels have been added this week to the purchases of over 1,000,000 reported previously."

In the usual commercial columns of the New York Herald of the 27th of March last, the sale "of a lot of 48,000 bushels of No. 1 Manitoba spring wheat at 9½ to 10 cents over May f.o.b. afloat," is reported.

And now for a strictly business letter. This grain was grown by farmers in the Northwest. It was brought to the elevators on the C. P. R. and there sold for 45 cents a bushel and under. It was put on board cars and freighted by that railroad to Port Arthur. It then went on board vessels. It came down during the period of open lake navigation to the United States port of Buffalo, passed on to New York where it finally went into boats in bond, or into bonded railroad elevators, to await their export to Europe. The man in Manitoba who bought that wheat paid 45 cents for it, Brandon freights; early in the market it was quoted at 46c. to 48c. and afterwards lower than even 45c. The question has often been asked, why do Manitoba farmers receive so little money for such fine wheat? The answer is that such are the conditions of trade in our country that they are forced to sell it, not on its merits, but on the basis of the very inferior article represented by the grade of No. 2 American wheat, New York inspection. Most men in the grain trade will assert that such is the mixing of wheat that goes on before the ordinary American wheat reaches New York, that No. 2 wheat, New York inspection, would only grade No. 3 in Chicago. No. 2 wheat in New York is usually 3c. to 4c. cheaper than Chicago, taking the shipping charges into consideration, and it is the wheat of this lowest market which forms the basis of prices for our No. 1 Manitoba.

I shall now prove this. I have shown that on and before the 13th of November our No. 1 Manitoba was selling cost, freight and insurance afloat in New York at 3½c. over December. That is that at whatever price there were buyers of this inferior grade of No. 2 New York wheat 3½ cents over that price was the cash price which these sellers of our No. 1 received for their grain in New York; in fact, as things go, about parallel with Chicago No. 2.

How did these New York prices suit the buyers in Manitoba? The gentlemen who handle this wheat have not taken me into their confidence, although no attempt is made to pry into their private affairs, a fairly close c.i.f. can be figured by any shipper in the grain trade. Say:—45c. wheat; 11½c. freight to Port Arthur, 19c. per 100 pounds; 4c. marine insurance; 3c. freight Port A. to Buffalo; 1½c. Buffalo charges; 4½c. freight per Erie Canal to New York; total 63½c. c.i.f., New York.

The official report of New York quotations for wheat for December delivery were: September 30, 73c. to 75c.; October 5, 73c. to 74c.; October 10, 72½c. to 73¼c.; October 16, 68c. to 69c.; October 20, 70c. to 71c.; October 31, 69½c. to 70½c.; November 4, 68½c. to 69c.; November 13, 66½c. to 67½c., and 3½ above these figures was the value of our No. 1.

NET MARGIN OF PROFIT.

There was certainly a very nice margin, even at the low grade prices, left for Manitoba elevator charges. Every shipper has his own lines laid. I do not pretend that these items are all fractionally correct; they are only taken from the published reports, or well-known trade rates. It is not an easy matter to carry the trade of Manitoba in a few hands. Farmers must have cash as soon as their crops are harvested, and the unfavorable trade conditions governing our country have left them at the tender mercy of New York capital.

Let anyone look into the market reports of wheat in New York, and they will find various prices assigned to

various months for the future. We have had our attention fixed on the 13th of November. The closing prices for that day were cash nominally 66½c., December 67½c., May 74c. These higher prices for the future months represent the cost from the cash price for carrying the wheat in store to say the 1st of May, the fire insurance, storage and interest, and men are making contracts for these future months all the time. When the buyer in New York of our wheat made his contract, he immediately sold May against it unless he wished to speculate on the price. He had found a buyer for the like quantity of the inferior article, who was ready to pay him a price which would cover his storage, insurance and interest charges up to the first of May, provided he could always command a premium of 3½ cents a bushel over the price of the month ahead, on account of the excellence of the grain. His profit rested on the quality. In the jargon of the trade, he was "short" on inferior grade of grain for May delivery, and "long" on No. 1 against it.

I accept the statement of the New York Journal of Commerce, that he was awaiting a revival of the export demand. The demand came after navigation had closed on the lakes and no more Manitoba wheat could get to the seaboard except by high rail freights. We read in the New York Herald that he sold some of this wheat at a premium of nine to ten cents and bagged his profit. The four last words are a little addition of my own and not to be found in The Herald. Irrespective of the profit in the carrying trade, it turns out that New York had made a profit from five to six cents a bushel, and this profit was one which could not have been made except for the exceptionally fine quality of the grain and the result of the trade conditions under which we are running our country. This was not a legitimate business profit—it represented money which should have gone into our farmers' pockets, but went to the New York capitalists instead. If we insist upon doing a three-cornered trade, such as sending our stuff from Lake Superior away down southeast to New York on its journey to northern Europe, we must expect to pay for it in numerous ways besides in the longer freightage. The whole truth and nothing but the truth is that this high grade of wheat had been forced out of the hands of our farmers on the level price of a greatly inferior article, representing at the very best No. 2 Chicago.

Our millers doing business in the Northwest do not want an open market for our wheat. It is to their interest to buy it from the farmers at the lowest possible price, and the finer the quality the more interested they are in bottling it up and keeping it back from the English markets until the transportation on the lakes is closed. Had the wheat had a fair chance, Manitoba could easily have got ten cents per bushel more for her last crop. Let us look at the English markets.

ENGLISH PRICES.

In England the wheats of the whole world come into combination with each other. The sales—not the quotations where there are no bids—reported in The Mark Lane Express of the 12th of March were: Fine Manitoba, 24s. 9d. per 480 lbs.; No. 1 northern spring, 24s. 9d. per 480 lbs.; Californian, 25s. 3d. to 25s. 9d. per 500 lbs.; Australian, 25s. to 25s. 9d. per 500 lbs.; Argentine, 22s. 3d. to 24s. per 480 lbs.; No. 2 American red winter, 23s. 6d. per 480 lbs.; No. 2 Calcutta, 22s. 6d. to 23. 9d. per 490 lbs.; hard Tangantog (Russian), 20s. 6d. to 22s. 6d. per 490 lbs.; and beerbohm quotes No. 1 Bombay at 4s. 10d. per 100 lbs., equal to 23s. 2d. per 480 lbs., all on sample. So much for the English opinions of wheat gauged by £ s. d.

I have The Mark Lane Express before me. On November 20, Californian due in a week sold for 28s. On the 27th more of it sold at 27s. 9d. arrived. Coming along to December 11 the following sales are reported: "Old Australians, 28s. 3d.; new crop for January shipment, 29s.; Californian, 27s. 6d. on passage; Oregon, 29s.; No. 2 red winter on Saturday fetched 25s. 3d.; No. 1 hard Manitoba, 27s." Between November 13 and December 11 the price of spot wheat had declined 1s. per quarter in England. It was these wheats which we were outranking in quality and price by March 12.

Wheat at 65 cents in New York, allowing 2 cents New York shipping charges and 2s. per qt. ocean freight, figures out 24s. 4d. c. i. f. Liverpool, and 300

lbs. California wheat were worth about 28s. I have not said anything about Manitoba elevator charges, but if this difference, even striking off 1s. for selling expenses, represents their share of the business, it is about time the country was understanding the price that they pay for the luxury. I insist that 45 cents in Manitoba was based on New York prices, not the English market.

Why did our wheat go to New York when our St. Lawrence was open? Conditions under which we manage the trade of our country sent it there, that is all about it. Gentlemen, when Manitoba has the power she will wring your necks, and serve you right, too. I have tried to make the situation in which our wheat growers are placed as plain as possible; but if anyone is not convinced with regard to my statements about the New York market let him take or send this open letter to any friend in whom he has confidence who is engaged in the grain trade on the Chicago or New York boards, and let him state over his own signature, as I state it over mine, whether that case on the New York Chamber of Commerce is stated fairly as it exists to-day, or whether it is not. And if my case stands solid as to the way this Manitoba wheat of ours is worked on the New York board, what then?

For fifteen years from about Chicago fire days I traded in my own name in the wheat pit of the Chicago Board of Trade. During those years, while not clashing with American sentiment, I maintained myself a Canadian. The foreign element is well known on that board. In returning to my native land I protest with all the little power I have against the conditions of trade as they exist to-day, which are placing our country tributary to New York and our farmers at the mercy of New York capital and local millers. The watershed of the United States drifts toward the Gulf of Mexico; they can make only a limited use of it for their business with Europe. Our watershed drifts right through our country eastward, yes, all the way through the Rocky Mountains, and at its outlet points straight at our best customers in Europe, but a pretty mess we make of it, and the Manitoba cat is being skinned.

I wish for one moment to draw attention to the two watersheds of this continent, one drifting south from north, the other east from west. I only throw out the suggestion that it is going to be very difficult to make one law that will benefit both. If one is stimulated by law it will be at the expense of the other. Water transportation is the only hope for our Northwest, and a glance at the map will show what it is the business of this country to strike for.

GOING STRAIGHT TO MARKET.

Australia has one grand advantage, she looks straight at her market. We are squinters. Prices have been very low all round, but at a moderate estimate squinting has taken ten cents a bushel out of the pockets of Manitoba farmers on their last crop. A gentleman, a leading man of Port Arthur, one engaged in the transportation business, informed me a few days ago that over 6,000,000 of bushels had been shipped to Buffalo. The editor of The New York Journal of Commerce writes me that 1,525,000 came to New York, that 600,000 went to Boston, that it went up to nine cents premium, and that it has been about all cleaned up now by exports. This 600,000 to Boston was particularly aggravating, for it must have gone by rail from Buffalo, and to Boston is 499 miles, while from Collingwood to Montreal is only about 340.

Under present trade arrangements there is very little relief to be obtained. The block is here in Montreal. We have neither the transportation facilities for a large business, nor have we the tonnage. I am informed Buffalo handled 200,000,000 bushels of grain and flour during navigation last summer. If we are to depend on New York, Manitoba must sweat. Suppose we arranged our business so that our farmers obtained better prices than those south of the line, and paid less for their wares would there be any trouble about emigration? Present arrangements permit of large lines of our best wheat being collected at the seaboard and held there without any real risk by those who can pay for it. After navigation closes the holders of this wheat, being protected by the higher rail freights behind them—S. H. Thompson, Secretary of the Duluth Board of Trade, has asserted that rail freightage in the States is seven times