

The Commercial

WINNIPEG, NOVEMBER 12, 1894.

MIXING WHEAT.

The Commercial discussed this question at length two or three weeks ago. Since then the agitation has increased. The boards of Montreal and Toronto have been passing resolutions regarding the matter, and the Winnipeg exchange has replied thereto. We publish elsewhere in this issue the resolutions of the Eastern boards, and the reply of the Winnipeg exchange. We may explain here to those who are not familiar with the subject, that the grading of grain is governed by an Act of Parliament of Canada, and comes directly under the control of the Department of Inland Revenue. Grain inspectors are therefore Dominion Government officials, subject directly to the department named. Hence it is that the resolutions are addressed to the Department of Inland Revenue.

It is a matter for regret that such a rumpus has again been stirred up over this question of the grading and mixing of wheat. The Commercial is still of the opinion expressed in our recent article, that vastly more attention has been given to the matter than its importance deserves. In some quarters an effort has evidently been made to make political capital out of the matter, by exciting the farmers to believe that they are losing by the mixing of wheat, and throwing the blame on the government. Several Manitoba papers have undoubtedly made as much of the discussion as possible, with the object of turning a point against the government.

The principal cause of the discussion, however, is evidently the antagonism which seems to unfortunately exist between the Eastern and Western grain interests. It was the popular belief that the trade of the West would be entirely controlled by eastern business interests, not only in grain, but in other lines. This has not been realized in the grain trade. The grain trade of Manitoba and the Territories is practically altogether in the hands of western grain men. Even the route of export is via Buffalo and New York. This has undoubtedly increased the feeling of irritation which has existed in the East ever since the fixing of the Manitoba standards was taken out of the hands of the Eastern boards. The Commercial would prefer to see the grain of Manitoba exported by the Canadian route, and we would prefer to see Eastern Canada exporters and handlers getting the profits now reaped by New York parties. At the same time it is not the fault of the Manitoba shippers that the grain takes an export route through the United States. Freight rates are against the Canadian route, and competition is too close and prices too low to admit of paying any higher rates than are absolutely necessary. The grain must take the cheapest route, regardless of sentiment.

It has been the favorite cry, in connection

with the question of mixing wheat, to claim that the farmers are losers by the process. No reasonable argument can be adduced to show that such is the case. The fact is, exactly the contrary is true. The producer shares in any gain which can be made from mixing. Let us explain. The mixing process enables the shippers to dispose of a portion of the crop to better advantage than they could otherwise do. Now supposing that mixing is prohibited, who will suffer? Certainly not the shippers, who will make up the loss by buying the wheat at a lower price from the farmers. The producers are the ones who will suffer. The thing is so plain as to hardly need any argument to prove the case. The shippers can now afford to pay a comparatively higher price for lower grades, because they can mix with it, but if they cannot use it for mixing, they will be careful to see that their country agents keep the grades down closely in buying from the farmers.

"But," say those who either for interested motives or because they do not understand the subject, have been crying out about mixing wheat, "the price of Manitoba wheat is 1 to 2 cents under Duluth, and therefore the farmers lose this difference, owing to mixing." Unfortunately for this argument, or rather statement, it is not true. British market prices show that Manitoba hard wheat has frequently sold at a premium over Duluth of the same grade, within the last few weeks. This is the only comparison which can be made between Duluth and Manitoba wheats, as it is only in British markets that the two classes of wheat meet on common ground. Manitoba wheat cannot be sold in the United States, on account of the duty of 20 per cent. imposed upon wheat imported into that country. There is a large home milling demand in the United States for hard wheat, and on this account Duluth hard grades have sold at a premium over export value, for the home trade. Duluth wheat has this advantage at home over Manitoba hard, but in markets where the two wheats meet on common ground, as in Liverpool and London, Manitoba wheat frequently sells at a premium. In some years Manitoba wheat has sold at home at a considerable premium over export values.

It is not necessary to change the Inspection Act to stop the mixing of wheat, and it is to be hoped that the changes referred to in connection with the resolutions of the Montreal board, published elsewhere in this issue, will not be made. The proposed changes will not do any good, but will unsettle the trade and do harm. This continual tinkering with and changing the standards is a great annoyance and injury to the trade. If it is decided to stop mixing, it can be done by making certificates show what the cargo is composed of, or in other words, making the wheat inspect out of the elevators the same as it inspects in. While the adoption of this plan would not injure Winnipeg shippers very materially, it would result in a loss to the producers, who are certainly gainers from the mixing process.

The feeling of antagonism between the Eastern and Western grain men is much to be regretted. To that cause, as well as to a desire to make political capital, may be attributed much that has been said upon these questions. This agitation is calculated to do harm, and cause foreign buyers to be afraid to purchase Manitoba wheat. Many foolish and absurd statements have been made in the newspaper press by writers who have very little knowledge of the commercial or any other aspect of the wheat question. These statements, however, are accepted as facts by the general public, whose knowledge of the actual situation is about equal to that of the writers, and thus a wrong impression is created in the mind of the public.

There is one point in regard to mixing which should not be overlooked. If mixing is stopped at Lake Superior ports, where only Manitoba and territorial wheat can be used, it should also be stringently prevented at any Eastern points. Manitoba wheat has been mixed at Eastern elevator points with soft Eastern wheats, and then exported as Manitoba wheat. This is more objectionable than any mixing which can be done in the West, as it depreciates the standard of Manitoba grades, without gaining anything for the western producers.

MANITOBA AND DULUTH WHEATS.

Much has been written about the relative value of Manitoba and Duluth wheats. It has been freely claimed that Duluth hard wheat has sold at a premium over Manitoba hard, and this result has been attributed to mixing. It has moreover been claimed that the farmers lose the difference. Admitting for the sake of argument that Manitoba No. 1 hard has been reduced to a standard of quality under similar Duluth grades, on account of mixing, it would not prove that Manitoba farmers lose the difference. It would rather indicate that the farmers receive an increased price for their lower grades, in proportion to the value of No. 1 hard, as the profit from mixing would enable buyers here to pay a little more for grades under No. 1 hard, in proportion to value. However it does not appear that Manitoba hard sells at a lower price than the Duluth grade, as the following quotations per quarter in the London market will show:

The weekly report for October 1. of the London market, quoted Duluth hard at 22s 7½d. Hard Manitoba at the same date sold at 22s 9d. and sellers were asking higher at 22s 1½d.

On October 8 a parcel of Duluth was reported to have sold during the week at 22s 6d. Manitoba also sold at 22s 6d.

The report on October 15 said that hard Duluth on passage sold at 22s 6d. Manitoba sold at 22s 3d, but this was for wheat not yet shipped. Asking spot quotations were the same for each grade.

On October 22 hard Manitoba sold on passage at 22s 3d. Duluth was not quoted.