

The Commercial

WINNIPEG, OCTOBER 28, 1895.

LAST WINTER'S WHEAT BOOM.

The Commercial has been requested by a correspondent to explain the "boom" in local wheat prices which occurred immediately after the close of navigation last winter. A provincial exchange, the Holland Observer, in writing on the same subject also says:

"The Commercial may be perfectly right in pointing out that the price paid in Manitoba at present represents a fair value, as compared with old country markets, but it will take a great amount of talk to remove from the minds of those interested the memory of the way in which prices were manipulated during the past season. If the farmers are inclined to a belief that they are not receiving a fair price, the milling companies have no one to blame but themselves, as past experience proves that there is every ground for such a belief."

The memory of the manipulation of Manitoba wheat last winter is a feature which dies slowly. It is continually being brought up as an illustration to show how the farmers are being cheated. The Commercial does not defend this manipulation, but at the same time we would like to explain where a great deal of misunderstanding rests in connection with this matter. The matter is invariably represented in the following way: The farmers sold their wheat very freely at the low prices ruling last fall and the early part of the winter. After the farmers had sold all their wheat prices were rapidly advanced twenty to thirty cents per bushel. Then the inference is drawn that the grain men pocketed the difference between the price they bought the wheat at and the price touched later under the manipulation. This is no doubt the view the farmer takes of the matter, and no amount of argument would disabuse his mind of the idea that he was robbed of 20 or 30 cents per bushel. We may, however, be able to explain the situation as regards this manipulation, so that it will be understood by the Observer, our correspondent and the most of our readers.

We will begin by making the assertion, the popular belief to the contrary notwithstanding, that the grain men did not pocket the difference between the price they bought the wheat at from the farmers and the fancy price recorded later on in the season. The fancy price was largely a nominal one. It was to a considerable extent "wind" and nothing more. There was a little money made through the manipulation, by grain men, and also money lost through it, but it was a trifling matter in comparison with the entire crop. Probably the most money made through the manipulation of prices, was by farmers who held some wheat, as they sold it at fancy values and got 25 or 30 cents per bushel more than it was worth for shipment.

We will show why the grain men did not make this money they are sometimes accused of robbing from the farmers. They simply did not have the grain to make it on. The wheat was bought from the farmers at a close export basis, previous to the manipulation. It is generally acknowledged that the wheat

trade last year, up to the close of navigation, was handled at a very close margin. This wheat was sold as fast as it was purchased for export. In fact it was sometimes sold before it was purchased. This plan was followed right up to the close of navigation, and when navigation closed there was very little wheat in the country except that portion held by millers. The great bulk of the crop had been bought from the farmer, sold for export and shipped out of the country. Therefore it must be evident that the grain men did not make anything by the manipulation, which was begun later, on this wheat. Moreover, it must be clear to anyone that the farmers were not cheated to the extent of a fraction of a cent by the manipulation. It is generally recognized that they got full value for their wheat at the time then sold. Then how were they cheated?

As for the manipulation, if the farmers had held back a large quantity of their wheat, there would have been no manipulation, consequently prices would not have advanced, and those farmers who were so fortunate as to have held wheat would not have made the handsome profit which they secured over shipping values.

The grain men had very little wheat to make any money on when the price was worked up, because they had sold close right up to the close of navigation on a very small margin. The farmers who sold were not cheated, because they got the full value for their grain. Those farmers who held got a fancy price by accident, and naturally those who sold felt sorry because they were not as fortunate.

But, as we have said, if a large number of the farmers had held, there would have been no fancy prices for any of them. Therefore, as those who sold got full value, was it any harm that those who held should get a fancy price for their wheat? The effect, however, has been to cause a feeling of dissatisfaction, quite naturally so, on the part of those who do not see through the whole matter, and this dissatisfaction thereby brought about, is largely the cause of the agitation and feeling of mistrust we have had this season. The Commercial foresaw this at the time the advance was worked last winter, and on this account particularly we regretted the situation very much, and deprecated the advance at the time it was worked.

The harvest was early last year and the threshing season favorable. The farmers got through with their harvest early and rushed their wheat to market. Exporting began a month earlier than this year, and was continued very vigorously, with the result that by the close of navigation almost the entire available surplus for export had gone out of the country. Navigation closed with a very limited quantity of wheat held in store at our lake ports. Then followed a rapid advance in the local wheat markets. This was worked on the theory that the export business had been overdone and that the quantity of wheat remaining would not be sufficient for home requirements. If the latter presumption were true, it would have meant very high prices, as wheat and flour coming into Canada are subject to a very considerable duty.

This is the theory on which the advance in

prices was worked. If anybody had any reason to complain, it would be the home consumer of breadstuffs. The farmer would not be affected so directly as other consumers, because many of them hold sufficient wheat for their own consumption. Again, others of them had wheat to sell and were large gainers by the manipulation. It is, therefore, evident that the farmer had much less reason to complain than the city consumer.

The reports of large sums having been made by the grain dealers as a result of this advance in wheat, may be dismissed as lacking any adequate proof. As regards the millers, we do not see where there was any big money in it even for them, for the following reasons: First, they were obliged to buy all the wheat offered at the high prices, and as the sequel proved, there was more wheat held back than they probably figured on. The large quantity of wheat which they had to take at the advanced prices materially increased the average cost of their purchases, including the cheap wheat bought before the advance. Secondly, they did not succeed in working up the price of flour in proportion to the advance in wheat until months afterwards. In the third place, the result showed that there was abundance of wheat for home requirements. When the new crop came on the market this year there were nearly 1,000,000 bushels of old wheat still held, besides large stocks of flour, which quickly depreciated in value to near a level with the price of new wheat. These facts do not indicate huge profits, though the consumer had to pay long prices for flour for a short time.

This question is really a matter of ancient history now, though often referred to still by the provincial press, and it is only upon request of a correspondent that we have devoted so much space to a discussion of this question now.

LOOK AFTER COLLECTIONS.

This is the season of the year when country merchants should look sharply after their collections. This is of more importance than selling goods. It is easier to sell goods than to collect for what has been sold on credit. Many men who are full of business energy, and who have been very successful in working up business, have eventually failed through neglect of the collecting department. This is the rock on which thousands of pushing and energetic business men founder. No one should do a credit business at all unless he has fully determined to look very closely after the collections. Eternal vigilance in this department is necessary where a credit business is done. The longer an account stands the harder it is to collect in many cases. Where a credit business is done in a country district, long accounts are the rule. In the cities, accounts are expected to be settled monthly. Where a farmers' trade is done, many accounts are opened with the understanding that they will not be settled until after harvest. The time has now come around when the farmers should be able to square up, and merchants should lose no time in looking after their accounts. The probability is that if they do not start right in now and push their collections vigorously and