

The Commercial

WINNIPEG, JANUARY 21, 1895.

ADVANTAGE OF EXCHANGES.

Notwithstanding that grain prices have ruled low in Manitoba of late, the crop was never before handled on as small a margin as it was the past season. We refer to the shipments up to the close of navigation. The movement of wheat was very heavy and the quality was remarkably uniform. These two features enabled exporters to handle the crop more cheaply than otherwise would have been possible. Another feature which entered into the trade was lack of speculation. Shippers bought and sold from day to day, taking no risks by holding. They bought on a small margin and sold at once, thereby doing a safe business.

The organization of the grain exchange in Winnipeg has been an important feature in the handling of the crop. We may say practically the entire crop is handled by members of the exchange. The co-operative principle which obtains to some extent, as a result of the establishment of the exchange, is a great help to the Manitoba grain trade, and has enabled shippers to handle the crop to the very best advantage, and on small margins. Thus the exchange is indirectly a decided benefit to the farmers and producers of Manitoba, who get the advantage of the more advantageous and more economical handling of the crop, which is made possible through the working of the exchange.

Some parties who are entirely ignorant of the commercial features of the grain trade, and who are evidently anxious to tickle the prejudices of the farmers, have of late engaged in the pastime of denouncing the Winnipeg exchange, trying to stir up a feeling of antagonism to the exchange throughout the country. On the same lines is the foolish talk sometimes heard in denunciation of the elevator system of Manitoba.

The grain trade of Manitoba is conducted on the most modern principles, and probably no country in the world has any better handling system than we have here. This enables the farmer to realize the very best price for his grain. Without our elevator system, and without the organization of the grain trade as represented in the Winnipeg grain exchange, we are quite confident that the farmers of Manitoba would not have obtained within five cents per bushel of the prices which have ruled this season. In Argentine they have no elevator system, and the result is that the farmers are obliged to ship all the wheat in bags, which is not only an expensive plan in handling, but also causes a heavy outlay for bags. The greatest drawback to wheat-growing in Argentine today is the lack of organization and modern system in handling the crop. This was recently stated in a government inquiry as to the prospects for wheat-growing in that country. The experts who have looked into the situation in Argentine, report that if modern methods of

handling the grain in bulk were introduced, the farmers would receive a much better profit from their grain. In Manitoba where we have organization and every facility for the rapid and economical handling of crops, we have a few parties who are demanding the suppression of these advantages. It would be about as rational to advocate the tearing up of railways, and substitute Red river carts as a means of conveyance of traffic.

ADOPTING THE CASH SYSTEM.

The long credit system which has long prevailed in Manitoba has received a black eye, so to speak, of late. Few people are aware to what a large extent credit business has been curtailed in Manitoba of late. During the last two years many retail merchants throughout the country have adopted the cash system. Recently The Commercial received a little circular containing the following announcement:

"Believing that the present system of doing business in Glenboro, of giving credit from six to twelve months of the years, is injurious alike to the merchant and his customers, we announce that on and after January 1st our business will be conducted on a purely cash basis. Experience has taught us, that to meet the demand for cheaper goods, which has arisen during the present depression, we must sell for cash. Selling for cash means buying for cash and buying for cash means that we can sell at prices that will astonish you. The new era begins on January 1st, when our books will be closed.

J. F. Fumerton & Co."

THE Commercial has received many such announcements as this from country merchants during the past year or two. If the majority of those who have published their intention to do a cash business are carrying out their resolve, there must now be a large number of merchants throughout the country who are doing a close cash business. The changing from a long credit system to the more rational way of doing business for cash or short dates, will of course be felt considerably at the outset. It will cause a contraction of business at the start, and will inconvenience many consumers, but in the end it will be a great benefit to consumers and merchants alike, and not less to the consumer than to the merchant. In fact, while the long credit system is bad for the store-keeper, it is perhaps even worse for his customers, leading to extravagance and frequently causing the embarrassment of those who, through their hopefulness of the future, go into debt in expectation of better times ahead. The future always looks bright to a great many people, and where credit for long dates was so easily obtained as has been the custom in Manitoba, the temptation to discount the future has been very great.

The evils of the long credit system, however, are now very well understood here, and being understood there is hope for better things in the future. The change which has been going on during the last year or two has already greatly improved the commercial situation in Manitoba. In spite of the low

prices of produce and the talk of close times, the trade of the country is now on a better basis than it was three years ago.

The low prices which have ruled for grain and farm produce have necessitated economy, and there is no surer way to economise than to buy for cash. There is a saving in two ways in buying for cash. First, the cash buyer will buy only such things as he can afford, or at least such things as he can see his way clear to pay for. He does not buy with the expectation that he will be better off at some future date, and will be able to pay for things which, if he had to pay cash for, he would not be able to procure. There is in the second place the lower prices always obtained by the cash buyer.

This country has received a lesson in economy which should do us good. If the result is the abandonment of the long credit system which has prevailed here, the lesson will not have been in vain.

READ YOUR POLICIES.

The Commercial has more than once advised commercial men to read their insurance policies. All policies should be read over carefully and if there is any clause which is not understood, have it fully explained before the matter is allowed to rest. The advisability of following this advice was recently illustrated by a loss which fell upon a trader in a Manitoba town. A short time ago a stock of goods at Portage la Prairie was damaged by fire to the extent of about \$700. The stock was insured and the merchant expected to recover the full amount of his loss. He was very much surprised to find, however, that the company in which he was insured was only liable for a portion of the loss. A clause in the policy read as follows:

"It is a part of the consideration of this policy and basis upon which the rate of premium is fixed, that the insured shall maintain insurance concurrent in form with this policy on each and every item on contents hereby insured to the extent of at least 75 per cent of the actual cash value thereof, and that failing so to do the insured shall be co-insurer to the extent of an amount sufficient to make the aggregate insurance on contents equal to 75 per cent of the actual cash value of each and every item of the contents hereby insured, and in that capacity shall bear his proportion of any loss that may occur."

This feature of the policy had escaped the attention of the merchant, notwithstanding that he is considered a shrewd business man. The effect of this clause was such that the merchant was actually carrying a considerable portion of the risk himself, as the insurance he carried did not amount to 75 per cent. of the value of the stock. Many would read the clause without understanding fully the meaning, and it may be illustrated as follows: A merchant carrying say \$6,000 worth of stock, would be obliged to insure for an amount not less than \$4,500, or 75 per cent. of the value of the stock, in order to obtain the full insurance in case of the loss of the stock. If he had only \$3,000 insurance on the same amount of stock, the insurance company would be liable for their share of the loss only as based pro rata on \$3,000,