

THE CANADIAN GROCER

& GENERAL STOREKEEPER

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and General Storekeepers.

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SPECIAL TO OUR READERS.

As the design of THE CANADIAN GROCER is to benefit mutually all interested in the business, we would request all parties ordering goods or making purchases of any description from houses advertising with us to mention in their letter that such advertisement was noticed in THE CANADIAN GROCER.

OUR MONTREAL OFFICE.

Our Montreal Office is located at 115 St. Francois Xavier St. Our representative, Mr. G. Hector Clemes, will be pleased to have subscribers and advertisers call upon him there. He will also pay special attention to gathering business items and attending generally to the interests of this paper.

THE RECENT ACTION OF THE GUILD.

The Wholesale Grocers' Guild has issued an official statement regarding its recent trouble with Mr. James Lumbers and Mr. P. C. Larkin. A copy will be found in this issue. Its appearance is timely, for the reports published in the press and through circulars have led many to believe that the Guild was a most tyrannical organization. It shows that it was necessary for the Guild to take the action it did.

Business men generally take little stock in the quarrel between Messrs. Lumbers and Larkin and the Guild. They want to know whether the Guild is necessary for the well-being of the wholesale grocery trade, and whether they exact enormous profits on the goods sold. Men go into business to earn a living. There are often circumstances which seriously interfere with their ability to do so. The greatest of these is competition. This leads to cutting or advancing prices. Sellers reduce prices to secure custom. Buyers raise prices to draw it to them. In the grocery trade the cutting is done chiefly in sugars; this is felt more in the cities and large towns. In the smaller places, when competition is close, dealers advance their buying prices 2 to 3c. or more per dozen on eggs, or per lb. on butter, above their value, to draw customers. These unbusinesslike methods often lead to bankruptcy, and affect

not only those who are responsible for the trouble, but other merchants in the community. Nearly every town has had this trouble; in nearly every place business men have signed agreements not to do so in the future, and in nearly every instance some one has immediately broken faith, hoping to gain slight temporary advantages. We all remember the experience we had in Toronto in 1887, when the retail grocers agreed on prices which would enable them to get a profit on sugars. The agreement was broken in a few days. It is evident that the only way such agreements can be made binding is to make it a serious offence to break them. This briefly is the position in which the wholesale grocery trade found itself some years ago. They were losing heavily by the cutting in sugar. Agreements were made and generally broken a week later. Finally, the refiners recognized that many of their customers might become bankrupt if cutting were continued, and that they would in consequence lose money by them, and decided to sell white sugars to those who cut prices at an advanced figure, so as to prevent the practice. When this was agreed to Mr. Lumbers applied for re-admission to the Guild. The Retail Grocers' Association opposed it. This put the Guild in a three cornered fight. They were forced to offend either Mr. Lumbers or the retail trade. They chose—very properly—to stand by the retail trade and refused to admit him until he complied with the terms of the President of the Retail Grocers' Association. Some members of the Guild thought that this decision was unfair, and have since asserted that he had just ground for the bitter fight which has since been in progress. There can be no doubt but that he has carried on his fight well. He learned early what many wholesale grocers do not yet know, that "printers' ink" pays. From his circulars, he has not derived much benefit, for his connection with the Grange movement had made many enemies in the retail trade who consigned—as they do most circulars—to the waste basket. He has, however, worked the daily papers well. They have printed columns of

sympathy and cartoons, and it has paid him. He has cut prices and caused trouble for the members of the Guild. They have always treated him liberally until it dawned on them that in doing so they were aiding him to injure themselves. It now seems likely that he will eventually follow the example of others.

While the position occupied by the Guild is one of strength, it has not been used to exact big profits. The following shows the cost and profit of handling 100 lbs. granulated sugar:—

IN ONE-BARREL LOTS.

Cost in Montreal.....	\$6 50
Cash discount 2½ per cent.....	16.25
Net.....	6.3375
Freight.....	.16
Interest, 1 per cent.....	6.50
Exchange.....	.1

Net cost.....	6.5725
Sold for.....	\$7.00
Less cash discount 1 p.c.....	.7

Deduct cost.....	6.93
	6.5725

Profit per 100 lbs., =.....	.3575
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Rate of profit is $\frac{3575}{65725}$ or 5.42 per cent.,
or say 5½ per cent.

IN FIFTEEN-BARREL LOTS.

Selling price is.....	6.8750
Less cash dis. 1 p.c.....	0.6867

Net cost as above.....	6.8063
	6.5725

Profit per 100 lbs.....	.2338
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Rate of profit is $\frac{2338}{65725}$ or 3.54 or say 3½ percent.

Is 5½ per cent. gross profit on single barrels or 3½ per cent. on lots of 15 barrels too great? These figures are obtained only on white sugars—not on yellow or raw—and no account is taken of the cost of doing business and bad debts.

The whole difficulty seems to resolve itself into this position. The wholesale trade refuse longer to give Mr. Lumbers terms or conditions on sales different from what they give each other.