

The Commercial

WINNIPEG, MAY 6, 1888.

THE GROCERS' ASSOCIATION.

The recently formed association of retail grocers in this city has already been attracting considerable attention through the press, growing out of the flour agreement. One of the first matters which the association took up was the question of wholesalers selling retail. This is a very important matter to the retail trade in a city like Winnipeg, and one which retail dealers have a perfect right to consider. In several lines of trade, wholesale dealers and manufacturers in the city no doubt sold considerable quantities of goods direct to consumers in competition with retail dealers in the same line of trade. The retail grocers complained that this was unfair, inasmuch as it compelled them to meet the competition of those from whom they purchased their stocks. The retail grocers' association took up this question from the very formation of the association, the matter having been discussed at the first meeting. A committee was appointed to call upon the wholesale grocers, produce and commission dealers, packers, fruiterers, millers and other parties doing wholesale trade, with the object of endeavoring to arrange for the discontinuance of selling to consumers, on the part of such wholesale dealers. In this matter the grocers have been very successful, nearly all the city wholesale dealers having agreed to discontinue selling to consumers entirely.

Among those who have agreed to discontinue selling to consumers are the city millers and wholesale flour dealers. Heretofore the flour trade has been in very bad shape so far as the retail grocers were concerned. Most of the wholesale flour-dealers in the city sold flour direct to consumers in any quantities asked for, as well as to the grocers and other retail dealers in flour. The only difference made was that consumers were charged ten cents more per sack than the retail dealers. The retail grocers were therefore obliged to sell flour at an advance on the wholesale price of ten cents per sack, in order to compete with the wholesale flour-dealers and millers, who also sold retail. Some even sold at an advance of five cents per sack. This of course made the flour business unprofitable to the grocers, as the small advance on wholesale

prices would not pay for handling the article. They were obliged, however, to handle flour in order to protect their trade. Since the formation of the grocers' association, and the consequent action regarding selling to consumers, the city millers and wholesale flour dealers have agreed to discontinue entirely selling flour to consumers. Exception is made in the case of the city millers, who will be allowed to exchange flour for wheat with farmers at their mills, at the regular retail price of flour. It is also understood that the retail price all around will be 25 cents per sack, advance on the wholesale price. This arrangement went into force on the first of May.

So far the arrangement seems to be a perfectly legitimate one. The millers are perfectly justified in refusing to sell flour to consumers, just the same as other wholesale houses refuse to sell to others than retail dealers. The grocers have acted quite properly in their efforts to stop the sale of flour to consumers by the millers, and they are also justified in their effort to place the flour trade in a more satisfactory shape. The agreement between the grocers and the millers, however, goes farther. It is also understood that the millers are not to sell to retail grocers who are not members of the association, except at an advance of 25 cents per sack over the price to association grocers. The wisdom of thus attempting to bar out grocers who do not see fit to join the association may be questioned. We are told that every retail grocer in the city with but one single exception has joined the association. From this it would seem that the association is strong enough to have ignored this one dealer, and allowed him to go on and buy flour from whom he pleased and sell it in the same way. The attempt to prevent dealers outside of the association from obtaining flour at the regular prices will tend to create a sympathy for the boycotted persons which we are afraid may result in injury to the association.

As to the advance upon millers' prices, at which the grocers have decided to sell flour, no objection can be taken by any fair-minded person. Twenty-five cents per sack is certainly a very small margin on a bag of flour. Flour is practically a cash article to the trade, and dealers are expected to pay, at least within a month, for their flour. In selling it out to consumers they are obliged to give a great deal of credit, and to give credit

means the contraction of bad debts, no matter how careful the dealer is in giving credit. Then flour is a heavy article to handle, and must be delivered by the dealer. In discussing the flour question a retail grocer said the other day: "A week or two ago a customer came in and ordered a bag of flour sent to a certain street and number. On the way an accident happened which resulted in a breakage to the rig, costing a considerable sum for repairs. The margin on the sack of flour was ten cents, at which figure it would take several hundred sacks to pay for the breakage to the rig, to say nothing of the other expenses of handling the article and the probability of making some bad debts." The same grocer had just sold a bill of goods, including two sacks of flour. The flour cost \$5.80, and was sold for 25 cents per sack advance on the wholesale price. The grocer said: "I will not get paid for these goods until after harvest at the soonest, and of course run some risk of losing all or a portion of the account." It will therefore be seen that even at the margin of 25 cents per sack there is not much in handling flour under the credit system in vogue, and no reasonable person will object to the margin allowed to the grocers. Those who understand the situation will therefore have no fault to find with the grocers. In some quarters, however, the action of the grocers appears to be misunderstood.

One letter which appeared in the *Free Press* made a number of unreasonable and false charges against the grocers' association, and was so full of inaccuracies that it is a wonder it was allowed to appear in the paper at all. It is understood to be the settled policy of the association to make no efforts to regulate prices. Indeed, the leaders in the association are strongly opposed to such a course, and the members will have every freedom to sell at such prices as they see fit. The flour question is and will be the only one in which any effort will be made to regulate prices. In this commodity the situation was so bad that the grocers cannot be blamed by any reasonable person for the action they have taken, though we think it would have been better had the restriction regarding selling to retailers who are not members of the association been left out. The restriction clause affords an opportunity to those who are opposed to the association to work up an agitation, and attempt to make the public believe that they are being imposed upon.