

The Commercial

WINNIPEG, DECEMBER 31, 1896.

THE WHEAT AND FLOUR DUTIES.

In the coming tariff revision, the question of the wheat and flour duties is a matter of some interest, particularly in the West. It is hardly likely there will be any change in the duty on these commodities, unless the government succeeds in negotiating a reciprocity treaty with the United States. In fact we do not look for many very radical changes in the tariff in regard to all classes of goods, unless it be through the adoption of a trade treaty with the republic. If the government could succeed in arranging a reciprocity treaty with the United States there would be many important changes in the tariff. The Commercial, however, does not regard the prospects as very encouraging for securing a favorable treaty with the republic. In the event of our overtures being rejected at Washington, as they will probably be, the government will simply be in a position to make a moderate revision of the tariff in the direction of lower duties. There are certainly a number of abuses which have crept in under our system of protection, which require correcting; but the general interest and the financial requirements of the country render it necessary that tariff reform should be carried out in a steady and progressive manner, rather than in a sweeping change of our fiscal system. With protective principles again in the ascendancy in the United States, the conditions are rendered still less favorable for tariff reform here.

As regards the wheat and flour duties in particular, as already stated, we do not expect any changes except through reciprocity with the United States, and the latter we do not regard as at all probable at the present time. So long as our neighbors maintain the high tariff wall against our products, there will be few Canadians who will be found willing to modify the tariff in their favor. As wheat is produced for export in both countries, free trade in this cereal would not under ordinary circumstances make any great difference. So long as prices rule at an export basis in both countries, a duty on wheat would not make any difference to either. It has several times been the case, however, that wheat has ruled above an export basis in Manitoba. For instance, on this crop prices have ruled higher here right along than comparative values in United States markets. With free trade in wheat, Ontario millers would buy their requirements of hard wheat in Duluth whenever prices here advanced above a parity with that market. So far as has been indicated by the markets in recent year, we have nothing to gain by removing the duty on wheat.

Regarding flour, one effect of the removal of the duty on flour would be to hand over the growing trade in British Columbia to the millers of the Pacific Coast states. The freight rate is so heavily against Manitoba

millers in competing for the British Columbia trade, that without the duty they would not be able to hold the British Columbia market. It is also probable that United States millers would be able at times to undersell Manitoba millers in the markets of Eastern Canada, by securing cuts in freight rates, or taking advantage of other circumstances in their favor.

CREDIT BUSINESS.

It is to be hoped that the improved conditions apparent throughout our western agricultural districts will result in a still further reduction of credit business. Considerable progress has been made during recent years in reducing business to a better basis in this country. In the earlier years the disposition to go into debt was everywhere too much in evidence. The farmers were not to blame for this, as they were incessantly urged to buy, and as the prospects looked bright ahead, they did buy on credit very much beyond their means. Then came a period of low prices for agricultural products and consequently hard times among the farmers. With the low prices to which agricultural products shrank, farmers found it a heavy task to meet their obligations. Gradually, however, the load has been reduced, and during the last two years a very noticeable improvement has been apparent in the condition of the country. Credit business has also been greatly reduced, and to this cause may be justly attributed to some extent the improvement which is now apparent.

The period of low prices and depression is not without its lesson. It has taught the value of keeping a check upon credit business. With improved times and more cash in circulation, it should be possible to make further and more rapid progress in the direction of establishing business on a sound and substantial cash basis. In such lines as implements, carriages, selling horses to farmers, etc., if a good percentage of cash were demanded at the time the sale is made, it would discourage purchasers from going beyond their means or buying articles which they could get along without. So long as such articles can be obtained entirely on credit, there is certainly a great encouragement to go too deeply into debt. Merchants throughout the country should also be able to take advantage of the situation to reduce credit business as much as possible.

Credit business is a source of great loss to the country. It is a loss to those who buy on credit especially, as well as to the country in general. In the first place, the knowledge that credit is freely available, is an encouragement to over-buying on the part of the consumers. The future to a great many people always appears prosperous, and this is an encouragement to buy things that are not actually needed at the time, in expectation that in the future it will be an easy matter to meet the liabilities incurred. If credit business were restricted and payment of running accounts expected at shorter dates, the desire to keep down purchases to within the clear ability of the buyer to pay, would be more apparent. As a rule all farm produce brings ready cash or its equivalent

in this country, and this being the case, farmers who have become well established should be able to pay cash, or settle up at shorter dates than is customary in many parts of Manitoba.

If consumers would pay cash they would be able to buy at closer prices. The merchant who gives credit must allow for bad debts. To give credit at all means to make some bad debts, and the merchant must allow something for such contingencies. Then there is the extra cost of book-keeping, the loss in forgetting to charge goods, the extra cost of collecting, frequently including heavy law expenses, etc. All these things add expenses and costs to the merchant, and of course has to be paid for by the consumer. This is sufficient to indicate that business could be done on a considerably smaller margin, and with greater satisfaction to the merchant and consumer alike, if it were reduced to a cash basis.

Manitoba merchants complain of the disposition among their customers to send to departmental stores in the East for goods. This mail order business has become quite a feature of trade of recent years. By giving long and free credits, country merchants enable their customers to send away for goods. If they had to pay cash to their local merchants for what they require, they would not have the money to send away for goods. Many consumers are just mean enough to do this. They will buy on credit at home and send their cash away, for it must be understood that they must send the cash when ordering from the cities.

The best way to stop the practice of sending away for goods, would be for country merchants to adopt a cash system. That would operate in two ways to prevent customers from sending away for goods. It would compel them to spend their cash for the purchases they were obliged to make from their local dealer, and secondly, it would enable the local dealer to compete to better advantage with the eastern merchant. If consumers would pay cash to their local dealers, they would in most cases secure better results than in sending away for goods, for if the local dealer could free himself of the extra expense of doing a credit business, he would be able to sell quite as cheaply as the cash dealer in the cities.

THE BUSINESS MEN'S CONVENTION.

Invitations have been issued by the Winnipeg board of trade for the business men's convention, to be held in Winnipeg on Thursday, February 4 and following days. The first session will be convened at eight o'clock in the evening of the day named and will proceed immediately to effect an organization. The committee of the Winnipeg board of trade will take charge of the convention up to the time that organization is effected, after which everything will be in the hands of the delegates present. All resolutions intended for presentation at the convention should be forwarded to the secretary of the Winnipeg board of trade as early as possible. A special rate has been secured from the railways, for delegates to the convention. It is expected a large attendance of