

PRINCIPLES OF THE GRAIN TRADE OF WESTERN CANADA

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Principles of the grain trade of western Canada by Clarence B. Piper

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BY

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AGRICULTURE

AUTHOR'S NOTE.—Just as this book goes to press the Dominion Government has announced the institution of a sample market. Since this will revolutionize a large part of the grain trade, it renders obsolete much of the contents of this book. Therefore only a few copies of this edition are being printed to preserve the work of preparation and to record the methods of the trade under the system of handling grain on inspection.

PREFACE TO SECOND EDITION

This brief sketch of the grain trade is the outgrowth of a series of special lectures which were originally delivered to the students of the Manitoba Agricultural College. The first printing consisted almost entirely of the notes prepared for these lectures.

One of the greatest difficulties in presenting a treatise of this kind is to obtain the viewpoint of the reader, and hence present the material in the most interesting manner. Talks with business men, university students and farmers, both collectively and individually, have resulted in many helpful criticisms and suggestions. These have been embodied in the present edition which is more or less a complete revision of the original work. The sole endeavor has been to convey the information so that it will have the greatest practicable value.

Although many of the current references used to bring out the points discussed may shortly become out of date, in view of the fact that they are used primarily to illustrate the different principles involved, it is believed that for this purpose they will lose little of their value. Then too, trade methods are continually changing so that perhaps some of the descriptive matter will soon become inaccurate. However, it is hoped that this little book will be of assistance in explaining generally the fundamental principles which are well established and thus fairly permanent.

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INTRODUCTION

The grain trade of Western Canada is fundamental in our economic structure. It has to do with exchanging our farmers' grain for money with which they may purchase necessities of life. As we are essentially a grain-growing country, the business of moving our grain vitally affects our prosperity. Promptness and economy are of the highest value. The organization and methods used must be of the best. To perform its functions properly, it must be based upon sound principles. It is to briefly examine these principles and to see how they are applied in practice that this treatise is presented.

The business of handling our grain has now reached the stage of being practically an exact science. The markets are world-wide and well established. Their fundamentals are well understood. Western Canada has the benefit of these markets brought within its boundaries. A complete commercial structure has been reared at an investment of fully \$50,000,000. The trade, the facilities, and the investment, are steadily growing with the increasing crops. The application of established principles to conditions in the country through the elevator system and direct buying from the producers has been proved out by experience. There are no secrets or mysteries anywhere. Although the business may seem somewhat intricate and complicated, it is only because of its vast

size and the highly developed methods of marketing. A brief study, however, will show that the entire structure is composed of quite simple parts and that each part may be easily and fully understood.

The author is simply a private citizen who happens to be in the grain business in which he has had several years experience in the management of both country and terminal elevators. In presenting this little book he is acting entirely for himself. He holds no brief for the trade or any part thereof. He fully recognizes the faults of the present system. His only object is to set forth the difficulties and the principles involved so as to convey a substantial understanding of the problems in a sincere desire to remove misconceptions and uncertainties. If any measure of success is attained the readers will better understand individual transactions and will be able to really solve far more of the economic problems of Western Canada related to the marketing of grain.

Because the author is a grain merchant he naturally looks upon the problems from a commercial viewpoint. Nevertheless, the business is so comprehensive and has required so much study of fundamentals that a broad conception of the true relation of the trade with the prosperity of the country is an inevitable result. This conception inspires this survey of the practice and theory of the business. The entire matter is presented in a simple descriptive or narrative manner, setting forth truthfully the various conditions and how they are met. No argument

is used or intended. Detail and exhaustiveness are sacrificed to brevity throughout. Wherever facts and figures have been departed from, the conclusions are not casual opinions but are the results of commercial experience. Although there may be some differences in the practical application of the various principles of the business, every phase as treated is typical within the trade.

The discussion is based throughout on normal conditions in time of peace. The present European war has had a disturbing influence upon many factors, but this abnormal situation is disregarded except where it is specifically mentioned in the text.

The entire subject is divided into chapters according to the general functions performed. All of these elements are parts of the whole and each is dependent upon the others in practice.

Canada's position as a grain-growing country is first touched upon. This is to show the necessity for and general conditions surrounding the grain trade.

A natural starting point in the study of methods is transportation, both by rail and by water, as this has to do with the physical carriage of the grain itself. Inspection is considered next because it is fundamental and in practice is performed in conjunction with transportation. The elevator system, both country and terminal, is really a system of warehousing incidental and necessary to transportation, but because of its importance, each kind is treated separately. All of this has