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**TORONTO, CAN., FRIDAY SEPT. 22, 1876**

**THE POSITION OF MATTERS IN**  
**MONTREAL.**

The condition of matters in Montreal, occupying as that city does so pre-eminent a position in Canadian commerce and finance, is of interest to men of business in every part of the country. It is not only the case that nearly every retail merchant in Ontario and Quebec is indebted to Montreal houses, but that the large masses of banking capital centred in that city, are diffused throughout every district of the country by means of numerous branches. The merchants of Montreal have the power to contract or inflate business all over the Western province, as well as in their own immediate field; and the bankers of Montreal possess the same power in a still larger degree. There have been times when by a simple fiat of a Montreal banker numbers of wholesale merchants and men of business in Western Canada could be brought to the brink of stoppage by the withdrawal of credit which they would find it impossible to obtain elsewhere. And even now, though the development of Western banking and commerce is far more extensive than formerly, the ramifications of Montreal bank capital are so far-reaching that no district of country is exempt from Montreal influence. Besides this, Montreal is the great entry port of our import trade. The whole country, therefore, whether the producing or the

consuming interest, is concerned in the condition of its affairs.

The present position of matters there is peculiar, and it is extremely difficult to forecast even the near future. More than any city in the Dominion, Montreal increased in a marvellous manner, both in trade, population and wealth, up to a certain period. Since then there has been not only stagnation but retrogression. And now the difficulty is in determining whether the worst is passed or not. That it is of importance to determine this will be evident on a moment's consideration, and it is not too much to say that the thoughts of every man of business in the city are occupied, more or less, with the solution of the question.

There is a good deal, as usual, to be said on both sides. For example, it is said that men of business in Montreal are now thoroughly alive to the mistake they made in going so deeply into outside speculation, and are giving far more attention to the daily details of business. A knowledge of the disease is said to be half the cure. The mischievous spirit of outside speculation nowhere attained greater prominence than it did in Montreal a year or two ago. Merchants were quite as much interested in the quotations of Wall street stocks as they were in the value of the goods on their own shelves, and as the fluctuations in the value of such stocks were far more rapid and violent, and the gains—if they were gains—were far more easily realized than those from the quiet operations of merchandise—stock speculation absorbed more and more of the time and attention of men whom observers would never have supposed interested in stocks at all. The gains of business at this time, too, were large. Staples in many lines of merchandise had risen steadily for some time, and for a year or two the balance sheets of wholesale houses showed remarkable and exceptional profits. Expenditure of course was enlarged under such a condition of things, and under the stimulus of such expenditure numbers of retail houses, especially those dealing in articles of luxury, enlarged their business and profits to a remarkable degree also. The whole city in fact was so full of prosperity that persons scarcely knew what to do with the tide of money that kept rolling in. As a natural consequence a certain degree of boldness, and a touch of recklessness of adventure and speculation, became the common characteristic of everybody but a very cautious few. Manufacturing enterprises were started on a large and expensive scale. New companies of every

kind were in vogue. New banks were chartered, and the capitals of all the old ones were much enlarged. Real estate rose steadily in price, and speculation amongst other outlets took the shape it did in Western Canada previous to 1857, viz: the buying up of the vacant lots for miles round the city and holding them at fabulous prices. This was the condition of things a year or two ago. Since then there have been heavy losses on speculative stocks in Wall street, heavy losses by bank and other stocks in Canada, a heavy shrinkage in the value of staples, a collapse of real estate speculation and such a number of failures in every kind of business, some of them very disreputable, that an atmosphere of general distrust and gloom overspread the whole community. The old lines of credit were broken down, and nobody could trust his neighbour. Men that had been reputed rich for years were discovered to be insolvent and incapable of paying fifty cents on the dollar. The question "who will go next?" was on everybody's mouth for months together, and men became so accustomed to bad news that scarcely anything could have surprised them. This was the condition of things during the greater part of last winter and the present spring, and with some little modification matters have continued so to the present time.

But it cannot be supposed that all this has been going on without men of business taking note of it. The merchants of Montreal are as able and intelligent a body of men as are to be found in Canada, and if they make mistakes they are able to devise ways and means of correcting them, and they have done so already to some purpose. Speculation is stopped. Extravagant expenditure to a large extent is stopped too. Business is cut down to reasonable proportions, and is being attended closely to in a style that has not been known for years. The time that used to be wasted in telegrams and letters about stocks is now given to the daily operations of trade. If losses have been made the situation is accepted, and measures taken accordingly. Men have come to know what they are really worth, and the fools' paradises in which many have lived are seen to be such and put aside for sober realities. If the real bottom has not yet been touched, it is certain that most men cannot be far from it.

Now this is a far better state of things than that prevailing two years ago. There is far more hope in it. If business is reduced in volume, more net profit may be realized out of it than out of the inflated volume of trade done in 1874. There have