

the shrinkage in value consequent on the reaction after a period of extraordinary inflation. We confess that we have no satisfactory means of estimating the extent of that shrinkage since the year 1873. We learn from Mr. White's pamphlet, based, if we are not mistaken, on the report of the Commissioner of Customs that in one year, that is from 1876 to 1877, hardware fell $12\frac{1}{2}$ per cent. in the United States, and from 5 to $7\frac{1}{2}$ in England; stationery from 10 to 25 per cent. in the United States; cotton and cotton goods from 5 to $7\frac{1}{2}$ per cent.; linens and woollens from $7\frac{1}{2}$ to 10 per cent.; and silks from 10 to 15 per cent. This decline is said to have taken place between 1876 and 1877. In his opening speech at the meeting of the Dominion Board of Trade, in January of the present year, the President, Mr. Andrew Robertson, whose opinion is entitled to great weight, said: "I am safe in stating that, compared with three years ago, the shrinkage in all classes of goods is equal to one-third."

Unfortunately those engaged in trade in Canada are too frequently unprovided with adequate capital. A case occurred recently which, having been the subject of public discussion, we may refer to by way of illustration. An individual, wishing to embark in business, purchased the stock in trade of a firm that desired to withdraw. It seems probable that something was paid for what is termed the goodwill of the business, either directly or by paying the outside value for a stock that, if disposed of on account of an insolvent estate, would probably not have brought the half of the cost. The party had little or no capital, but got the security of a near relative, of course paying interest on the loan. He thus stepped into an established business, and was no doubt looked on as the *bonâ fide* owner of his stock in trade. The business was not remunerative, and private expenses were incurred which are always severely criticized in cases of insolvency, and at last the collapse came, when of course the stock, renewed probably at high prices, had to be sacrificed by an assignee. With a *bonâ fide* capital such as English traders almost invariably have, and the consequent saving of high interest for money, and with the more economical habits of English traders, serious disaster might have been avoided. The case we have referred to is merely an illustration of the state of a large number of our traders when the shrinkage in the value of all descriptions of property took place, and when superadded to this a very important branch of our industry, our lumber trade, was seriously injured by a falling off of the foreign demand.

The losses to which reference has been made led to the disastrous insolvencies of 1875, 1876 and 1877, and which have not yet ceased. The average of the liabilities of insolvents during the years 1872, 1873 and 1874 was stated by Mr. Robertson to be \$8,831,827, while for the years 1875, 1876 and 1877 it was \$26,623,986, or rather more than three times the average of the preceding three years. Can it be doubted that the main cause of the losses of the insolvents was the shrinkage in value of their stocks in trade?

The disasters to which we have referred have affected the value of real estate and of every description of stocks, and time alone, together with prudence and economy, will restore our normal prosperity.

We are constantly meeting statements drawing comparisons between the years 1872-'3 and 1876-'7, that is between a year when inflation was said to be at its height and one in which great depression is known to prevail. It seems desirable to ascertain the branches of business in which changes have occurred and their cause. It appears that in 1873 the exports of goods the produce of Canada were \$73,245,606, while in 1877 they were \$65,864,880, or a falling off to the extent of \$7,380,726. Of this \$5,576,567 was in products of the forest and \$2,827,122 in products of the mines. The falling off in the products of the mines was chiefly: in silver ore about \$1,250,000; mineral or earth oils \$900,000; pig and scrap iron about \$750,000—the last item probably caused by the closing of the Moisie iron works. In the produce of the fisheries there was an increase in 1877 of about \$1,000,000; animals and their produce were about the same in value; agricultural products very nearly the same; manufactures about \$1,000,000 in excess in 1877; ships built at Quebec account for about \$800,000 of the last head of export, and these appear to have been sold not only to Great Britain but to Sweden, Norway, Denmark, Holland, Spanish and British West Indies, Newfoundland and Australia. This, however, it must be observed, was a falling off from 1876. There was a falling off in goods not the produce of Canada in 1877, as compared with 1873, of about \$2,300,000. Indian corn and wheat constitute fully two-thirds of these exports. In 1873 the exports of foreign wheat and corn were greater than in 1877 by over \$2,500,000. We do not consider that this analysis of our exports in 1873 and 1877, the first a year of prosperity, the other one of depression, affords any ground for complaint. As to the lumber trade with the United States there seems reasonable ground for hope that it will revive with better times. A profitable trade was

carried on long after the abolition of reciprocity, and would be again if there was a revival of prosperity in the United States. The statement of the falling off in the exports of products of the forest requires further explanation. Instead of a diminution there was a considerable increase in the products of the forest exported to Great Britain. White pine in 1873 was \$3,973,518, in 1877 \$4,235,480; oak, \$1,242,484 in 1873 and \$1,597,671 in 1877; deals, \$6,141,690 in 1873 and \$8,137,270 in 1877. The foregoing are the principal articles sent to Great Britain, and the aggregate increase in 1877 was \$2,612,729. On the other hand, in planks and boards which are sent chiefly to the United States the exports in 1873 were \$11,357,099 and in 1877 \$4,513,407, a falling off of nearly seven millions of dollars. Our lumberers must of course apply their industry to the British trade.

With regard to general comparative statements of imports in particular years we have more than once had occasion to point out the fallacy of relying on them without making a careful analysis of the details. The year 1873, which we have selected to compare with 1877, was one in which there were very large imports of free goods, the amount, including bullion, having been \$56,101,466, against \$35,380,523 in 1877. Of this amount no less than $8\frac{1}{2}$ millions was under the head of metals free of duty, chiefly railroad iron. The principal items of decrease in dutiable goods in 1877 were under the heads of cottons, woollens, hardware, silks, satins and velvets and fancy goods, aggregating about nine millions of dollars. The aggregate imports of the articles named were \$31,454,840 in 1873, against \$22,460,133 in 1877. If Mr. Robertson's estimate of the shrinkage in the value of goods be correct, it will be apparent that we got in 1877 a larger quantity of these goods for considerably less money. The shrinkage in value of the \$31,454,840, if equal to one-third, would be \$10,484,946, leaving the value in 1877 of the goods above specified imported in 1873 \$20,969,894, whereas the actual imports were \$22,460,133. We are, of course, unable to vouch for the accuracy of Mr. Robertson's estimate, indeed we always thought it exaggerated by 8 to 10 per cent., but it was not challenged by the members of the Dominion Board of Trade, and even if exaggerated there is an ample margin, and, moreover, as it was general, and not specially applicable to the articles that we have selected, we might take the whole list of unenumerated articles and prove that we imported more goods in 1877 than in 1873, though at many millions less cost.