

A MAJOR OR A MINOR CRISIS?

There is more than idle curiosity in the question as to whether United States happenings of 1907 will rank with the commercial crises of 1837, 1857, 1873 and 1893—or with such minor panics as those of 1884 and 1903. The answer to the question has a practical bearing upon the immediate outlook not only of our neighbours but of ourselves—and of Europe as well.

To accord with the twenty-year-cycle theory, no major crisis should follow that of 1893 until the year 1913. Those committed to a hard-and-fast acceptance of this view are therefore earnestly trying to convince themselves and others that 1907 is furnishing only a sort of "second secondary" upset—an unscheduled occurrence following upon their duly accredited "ten-year panic" of 1903.

But those who are concerning themselves rather with actual signs of the times than with preconceived theories are more and more tending to the belief that the year 1907 has brought much such a halt to industrial expansion, price advances and speculative inflation as did 1873 or 1893. Nor is such a view that of the pessimist necessarily. Rather it is that of the conservatively hopeful financier who realizes that severe as the crash has been it might have been—and would have been—worse if deferred a few years longer. It seems not unlikely that if the world-wide demands upon investment capital had been less insistent this year, the United States would have been able to continue its commercial and speculative expansion for some years more—hardly, however, to the twenty-year-end of 1913. But foreign capital has not been available of late to an extent that could make it possible for America to rush so far into Europe's debt as was the case, proportionately, before the panic of 1873. And, too, Great Britain was forewarned somewhat by New York's speculative excesses of 1906, and has this year been particularly chary of directing capital into American channels. It may well be, therefore, that the 1907 crises is that which was scheduled for 1913—discounted five or six years ahead, and lessened in amount because realized upon before its due date. So, while the twenty-year theorists are to be consoled with, that the fates have upset their time-table, the world in general is probably much the better off for a stopping-up before the on-rush of speculation had gained its full twenty-year activity. The gradual, though marked, decline in commodity prices since June last, both in Europe and America, lends strength to the view as to a definite turn in the cycle of prosperity—for it has been the distinctive characteristic of major panics to be accompanied by marked declines in general prices.

But the acceptance of 1907 as a year of major crisis, by far-seeing financiers, does not involve the gloomy belief that the aftermath must be as serious and long-continued as that of 1873 or 1893. For one thing, the international trade position of the United States at present is much stronger—owing in general to industrial development, and in particular to Europe's special demand this year for natural products. In this connection M. Paul Leroy Beaulieu and other leading European finan-

cial authorities unite in declaring that the United States is far better able to cope with such a crisis than in 1893. Railroads and industrial enterprises have since then, they say, grown tremendously in strength, and the ability to meet obligations despite the present difficulties, is undoubted. Then, too, while currency conditions in the United States are far from being all that could be desired, there is not the abnormally disorganized system that obtained in 1893—nor are national finances embarrassed as they were in that year. A calm summing-up of the case from the United States viewpoint justifies the hope that the existence of the gold standard and the undoubted strength of the Treasury will contribute effectually to ward off such disastrous depression as followed 1893. "But," to quote one careful observer "that a period, more or less prolonged, of general reaction, financial reconstruction, and readjustment of the scale of living, must ensue after this year's dramatic market happenings, as it did after those of the previous greater panics, is no longer open to question."

That Canada will experience a less pronounced recession than the United States—even as it has escaped the acuteness of its recent crisis—there is good reason to hope. The particular reasons why the Dominion may expect to escape any disastrous set-back, even if the United States should experience what the pessimists fear, have been detailed more than once in the columns of THE CHRONICLE. Among the most important are railroad and other construction projects that have been arranged for during the next few years. Then, too, the greater confidence which Great Britain now has in Canadian investments, as compared with those of the United States (despite some Cobalt exceptions) is good reason for encouragement. A banking system, whose stability even the "sorest" grumblers but bear witness to, and an elastic currency that remarkably adapts itself to varying demands—these, too, are elements of safety in the Canadian position.

FIRE AT H. R. IVES & COMPANY, BED FACTORY, MONTREAL.

A fire broke out on Saturday afternoon, 16th inst., on the premises of H. R. Ives & Co., Queen Street, Montreal. The building is a four storey structure and occupies about one and one-half blocks. The following is a list of insurance carried. Aetna, \$5,000; Atlas, \$10,000; British America, \$5,000; Caledonian, \$7,000; Commercial Union, \$10,000; Connecticut, \$3,000; German American, \$6,000; Guardian, \$17,500; Liverpool & London & Globe, \$15,000; Manitoba, \$2,500; London & Lancashire, \$5,000; New York Underwriters Agency, \$5,000; Northern, \$17,500; Queen, \$10,000; Royal, \$10,000; Scottish Union, \$7,500; Union, \$10,000; Western, \$5,000; Lloyds, \$25,000; Sovereign, \$3,000; Montmagny, \$1,500; Anglo-American, \$3,000; London Mutual, \$2,500; Montreal-Canada, \$2,500; Mount Royal, \$2,000; Missisquoi, \$1,300; Stanstead & Sherbrooke, \$2,500; Economical, \$2,000; Richmond & Drummond, \$2,000. Total \$198,300. Loss about \$20,000.