

THE COMMERCIAL

The recognized authority on all matters pertaining to trade and progress in Western Canada, including that portion of Ontario west of Lake Superior, the Provinces of Manitoba and British Columbia and the Territories.

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D. W. BUCHANAN,
Publisher.

The Commercial certainly enjoys a very much larger circulation among the business community of the vast region lying between Lake Superior and the Pacific Coast than any other paper in Canada, daily or weekly. The Commercial also reaches the leading wholesale, commission, manufacturing and financial houses of Eastern Canada.

WINNIPEG, MAR. 10, 1900.

THE BUSINESS SITUATION.

There are some features connected with the business situation in Manitoba and throughout many parts of the west which cannot be regarded with favor. In fact there is considerable reason for the exercise of caution at the present time. The trade is suffering from two principal unfavorable features. These are slow collections and heavy overstocking. Regarding the latter feature, the unfavorable weather of the past winter has resulted in considerably deranging ordinary trade conditions. This western prairie country has been practically without sailing all winter and this has retarded business in many ways. Besides this drawback the early half of the winter was exceptionally mild, thus greatly curtailing the demand for heavy winter goods, and leaving merchants with large stocks.

The absence of snow, however, is not entirely to blame for the overstocking. This is a failure with the trade in nearly all seasons. The great majority of retail merchants habitually buy too freely. Last year there was probably more over-buying than usual. Crop prospects were good throughout the country, a large immigration of new settlers was going on and there was a general feeling of buoyance and hopefulness which undoubtedly encouraged the tendency to over-buying, always ready to show itself on the slightest provocation. The number of retailers in business throughout the country was considerably increased last year by the opening of new stores, the number of new businesses probably being in greater proportion than the increased consuming power of the country would warrant, by reason of the arrival of new settlers. The volume of business with the whole-

sale houses was certainly very heavy last year, owing to the opening of new business places and the heavier buying of the previously existing concerns. The opening of new business places of course curtailed the trade of the older concerns, and the unfavorable weather further reduced the demand for heavy winter goods.

Over buying is undoubtedly very largely to blame for the slow state of collections, of which we have heard so much of late. Mercantile payments have certainly not been at all up to expectations for the past few months. The general complaint of jobbers is slow payments, and the same general complaint comes from the retail dealers throughout the country. While the enforced carrying over of heavy stocks of winter goods, on account of the unfavorable weather, will naturally pinch the retail dealers, it should not make it more difficult for the retailer to collect his accounts from the consumer. On the other hand, the consumer who has spent less money buying warm winter clothing, etc., should have more money left with which to pay his debts. We have therefore to look elsewhere for the cause of slow payments on the part of the consumers throughout the country. It may be that those merchants who are behind on account of overstocking are throwing the blame on their inability to make collections, and that on this account we hear more about slow collections than we otherwise would. At the same time The Commercial has accumulated reliable evidence to prove that payments to retailers by their former customers in many parts of the west, have been very unsatisfactory during the past few months. The same cause probably has brought about this unfavorable condition as in the case of the retailer, namely over buying. The business done by retailers last year throughout the west was very heavy. This shows that consumers bought freely—largely on credit as usual. The lumber trade showed an enormous increase in volume; there was a large increase in the implement trade, and so on generally throughout the list. Dealers will say: We have no fault to find with the volume of business, if we could only make collections. The same buoyant feeling that inspired the trade to buy so freely, also no doubt affected the farmers and the result is, they now have more to pay than they have funds with which to pay with. While the crop of last year was a very good one, it did not come up to early prospects by a good deal. Another unfavorable feature has been the low price ruling for our principal product—wheat. Those who have sold their crop, have therefore, not realized as much money as they calculated upon receiving.

While these remarks explain the situation in a general way, we wish to point out one special cause for much of the inability of farmers to pay their accounts with business men. We refer to the large purchases of land made last year by farmers. This has a great deal more to do with the slow payments than most people imagine. Throughout Manitoba and the other settled districts of the west, there was quite a little wave of land speculation last year. The buoyant feeling already noted led the people to believe that we were again on the eve of a considerable real estate movement. Many farmers had their eye on a piece of land which they wished to add to their holdings, and they believed that if they did not secure it at once, it would advance in price, or some one else would get it. The outlook seemed good and crop prospects favorable, so they bought. Others probably bought for purely speculative reasons, thinking they would be able to turn over the land at a big advance. Undoubtedly the large quantity of land purchased by farmers has a great deal to do with the slow payments.

Instead therefore of a freer circulation of money as a result of the large volume of trade and brisk business of last year, there has been an actual increase in the amount carried on the books of country traders. The improved feeling led to large sales and easier credits, but did not bring the wherewith to pay for the largely increased purchases.

A new and rapidly developing country like our western prairie region, of course, has wonderful recuperative powers and it will only require a little care and discretion to soon overcome the present difficulties. The danger at present would be a movement to press the trade too hard for payment. The old houses in the jobbing trade here, who understand the situation, are not likely to do this. On the other hand, quite a number of eastern houses opened accounts throughout the west last year for the first time, and some of these may cause trouble. There have been some failures, but there is really nothing to fear for the future if the proper course is adopted. A little extra care on the part of the retailers in making their purchases and in giving credit, will soon make matters all right.

The sharp tendency of prices to advance makes the present a good time to carry fairly large stocks. Merchants who are carrying large stocks over from last year could not now buy these goods at the same money. They can add something to the selling price of the goods to pay for the cost of carrying, and still the price will be lower on many lines than they could now buy for. This is a favor-