

TORONTO-STATE OF TRADE.

THE state of Trade in this city at present, both among wholesale and retail merchants, is dull and inactive, with meagre prospects for the coming season—the cry is that of hard times, reminding one of the great crisis of 1857 and 1858. Rumors of several failures are also rife, but we forbear particularising until further advised. The reason for this general depression is attributable to several causes. The long continuance of the American war; the partial derangement of our currency by intercourse with their depreciated coin and paper; the fear of trouble between the two countries from complications arising out of this unhappy struggle; and above all, the shortness of our crops for the last few years, have all combined more or less to check enterprise and stop the circulation of capital, which is now hoarded up in our banks and coffers with little benefit to trade. One other reason is given, which, if true, shows a very commendable course on the part of those credited therewith—the lesson has been doubtless taught by the experience of former hard times—it is, that persons in the past depending on future crops which have failed, have contracted debts which they now wish honestly to meet and pay off. This occasions a slackness in the retail trade throughout the country, which in its turn affects the sales of the wholesale merchant. Whether this be the real reason, or whether both wholesale and retail merchants, on account of their own former liabilities, are desirous of pursuing their course also; or whether it arises from the too large importations of former years having left an amount of unsaleable goods on hand; or whatever other single or collective cause affects us commercially,—the evil still exists with its murmuring, stagnating influence. Our wholesale merchants assure us their trade is not half of what they expected, or of what it was last year. There is no change however in quotations, and no encouragement from foreign advices to warrant any brilliant future prospects.

It is unnecessary to specify the different staple branches of trade, as they are nearly all in the same state. The Dry Goods trade depends so much, if not entirely, on the price of Cotton, that quotations are too fluctuating to report. The amount of Grain and Flour stores at our wharves and elevators, awaiting shipment on the opening of navigation, although not nearly so large as last year, is still very fair, being nearly 200,000 bushels of wheat, about 10,000 barrels of flour, and a proportionate quantity of other grain and produce. In lumber we have ready for sale and shipment when the season opens, about 20 millions of feet. In square timber, we are about 2 million of feet short of last year's supply, but still the quantity is large, footing up to over 3,500,000 cubic feet, by far the greater part of which is brought down by the Northern Railway. The value of this timber is nearly £100,000, and will give employment to over 300 men during the coming season to make it ready for towing to Quebec. Of this quantity only about 800,000 feet are yet in port, the remainder being brought down on the cars every day.

Only 26 vessels wintered here this season, and are now all busy fitting out for sea. The schooner *Paragon* left here Monday morning, loaded with some 7000 bushels of wheat, being the first clearance in the season from this port. The *Mary Glover* also left here with a cargo of 10,000 bushels of wheat for Oswego.

From all parts of the country we have good reports of the crops; and should they prove well founded, and a bountiful harvest be vouchsafed to us, the present depression will, to a very great extent, disappear.

There seems a want of solidity in the business ideas of many embarking in commercial pursuits. They deem a superficial mercantile education all that is necessary to secure success in trade, while in fact, as every day's experience shows, it requires a high order of ability, good business tact to know when and how to buy and sell to advantage; enlarged but economical views, strict uprightness, punctuality, and above all living within one's means. The depression is felt more now on account of the retrenchment we are making in our former headlong course of buying and selling on long credit.

Another branch of speculation inimical to the best interests of the country is felt in the immense amount of English capital loaned to our farmers on mortgage. The cry for foreign capital raised a few years ago was seized with avidity, and used to our disadvantage by moneyed men at home. They poured into the province a large influx of English funds on real estate security, at a higher rate of interest than could be possibly

realized from farming. Most of this money is loaned at 8 to 10 per cent. interest, while the farmer can only make 5 or 6 per cent. by the product of his land. This leads to a rapidly accumulating liability, which, in nine cases out of ten, ends in default and foreclosure, with all their attendant hardships and misery. How can it pay to spend \$10 and only make \$6? Again: the worst feature of this is, that what little the farmer does pay is sent clean out of the country, and passed into the pockets of men who never spend a sixpence here. There is thus a continual drain on the energies of our agricultural community, in addition to all the other difficulties they have to contend against in short crops and general financial and commercial depression.

SPECIAL CORRESPONDENT.

Toronto, March 29th, 1865.

COMMERCIAL LAW.

THE framer of the Insolvent Act introduced a bill to amend it during the Session just closed, but it has not yet become law. And it is not much to be regretted that more time will be given Mr. Abbott to ascertain from Upper, as well as Lower Canada, in what particulars the working of the Act is found difficult; and to learn what devices have been discovered by dishonest men to practice fraud under its provisions. There can scarcely be a better test of a man's solvency than his ability to save his goods from seizure under execution. Under the law, as it stands at present, a man may have half a dozen judgments against him remaining unsatisfied, and even may have the Sheriff in his house, yet he has not thereby committed an act of bankruptcy, unless he procured the seizure to be made with intent to defraud his creditors. If a trader in Upper Canada had come to this pass, two of his creditors for over \$500 might make a demand upon him, requiring him to make an assignment, and thus force his estate into compulsory liquidation. But there are very many in this condition, who are not traders, and cannot be reached by creditors under the Insolvent Act. In England, the law is very stringent in this respect. By the Bankruptcy Act of 1849, if any plaintiff had recovered a judgment for a money demand, and was in a position to issue execution thereupon, he might serve the debtor with a notice requiring immediate payment. If the debtor did not satisfy the debt within seven days after this notice, he was deemed to have committed an act of bankruptcy. By the Act of 1861, the fact of allowing goods to be sold under an execution for over £50, constitutes an act of bankruptcy; so does the not paying or securing a debt upon which a Judgment Debtor summons has issued. The wisdom of these provisions has never been questioned, and their effect has been excellent. It is, therefore, a satisfaction to see that the omission of similar clauses in our Act is to be remedied by one of the proposed amendments. It is intended to render a man's estate liable to compulsory liquidation, "if he permits any execution issued against him, under which any of his chattels, lands, or property are seized, levied upon, or taken in execution, to remain unsatisfied until within forty-eight hours of the time fixed by the Sheriff, or officer, for the sale thereof."

A great deal of embarrassment would be felt as to the mode to proceed in Upper Canada against an insolvent under the Act, in case he had left the country. It is not at all clear that his estate could be placed in compulsory liquidation, unless the writ of attachment, and declaration accompanying it, have been served upon him. Mr. Abbott's Amendment Act proposes to remove this difficulty, by empowering the Judge in such cases to direct how service shall be effected—probably by advertisement, or notice to the friends of the debtor.

There have also been many doubts as to the proper course to pursue, when some of the effects of the insolvent were in a county other than that in which proceedings for compulsory liquidation were taken. The Sheriff, in whose hands the writ of attachment is placed, cannot seize any goods out of the limits of his own county, and it is not provided that any concurrent writs can be issued. We understand, however, that in some instances the judges in Upper Canada have considered themselves warranted in allowing such writs to issue; but their validity is very questionable. This point will be settled when the amending Act is passed, for it provides for the issue of concurrent writs.

Our Agent

Is at present visiting the various cities, towns and villages of Upper Canada on account of the *Trade Review*.

THE FOUNTAIN OF TROUBLE.

To the Editor of "THE TRADE REVIEW."

MONTREAL, 21st March, 1865.

SIR,—The other day I accidentally came across some two or three recent numbers of your Journal, and having perused sundry articles bearing upon the present very unsatisfactory and unpromising state of the internal trade and general trading relations of the country, the difficulty of obtaining returns or collecting outstanding debts, the extraordinary frequency of bankruptcies, and the general prevalence of bad faith and dishonest practices among dealers, I do think that the mercantile portion of the public are very much indebted to you for so independent and well-timed an effort to expound the causes, and indicate a remedy for this very sad and disgraceful condition of things.

The importance of the subject is obvious enough, the magnitude of the evils referred to unquestionable; and as they concern, not the commercial classes alone, but every other class and interest in the community, it is fit and right they should be spoken of and exposed in plain straightforward language. Good may—no harm can—and no offence should follow this. At all events nothing else would be of any use.

But, although agreeing with you in the main, I still must say that I am strongly of opinion that your observations, however just in themselves, do not reach the chief source of the troubles; and that your suggestions, however suitable in present circumstances, will therefore fall short of their purpose to check the evils complained of, and induce that strict attention to moral obligation and those sounder views and safer rules of business which you are anxious to promote; and all good men must needs desire to see prevail and govern, commercial men and commercial dealings of every kind. Besides, I am well satisfied that the country trade and City retailer are not alone to blame for all the trouble. No; but the unceasing rivalry and pushing of business to extremes on the part of the importer and wholesale merchant; their eager competition to sell and undersell one another; the tempting inducements held out on all sides to "buy largely," the extra time; the promised renewals in full, renewals in part, and renewals without end; and while fresh transactions go on, indebtedness increases; in short the over-indulgence and consequent spoiling of debtors generally by way of insuring custom; together with the natural aversion to sue—the fear of pushing weak men to the wall—the enormous and absolutely needless delay, expense, uncertainty and difficulty of enforcing, or making good any claim at law: and then, when heavy arrears have accumulated, notes can no longer be discounted readily if at all; and the grand crash comes, as it is sure to come at last—the amazing facility with which "highly favorable settlements," are navigated through by occult influences and discharges obtained, thus setting offenders free with ample means and more experience to renew their depredations on a much too trusting and forgiving public, have, one and all, a very great deal to do with, indeed, are the main cause of, all the fraudulent acts, disgraceful failures, heavy losses and strange revolutions of indebtedness so constantly occurring, for these are the not uncertain but clearly foreseen consequences of a general over-eagerness to sell and over-willingness to buy, irrespective of over-stocking, means of selling or ability to pay. Is this exaggeration? It is well known and can easily be demonstrated to be very much within the truth.

And the extent to which all this goes on—the little remark it occasions—the small discredit failure usually entails—may, the actual advantage it often brings in the shape of increased capital and re-established credit as a reward for wrong doing or a premium on bankruptcy, would be altogether incredible if it were not so notorious in itself and a thing of such constant occurrence. Need we wonder, then, at the sad results of such loose dealing and reckless disregard of all common prudence, sound principle and correct rules of business. Are not they natural? are not they inevitably bad, with an ever increasing tendency to become worse. There cannot be a doubt of this. But it is not by bankrupt laws or any imaginable mode of dealing with insolvents or insolvent estates thereunder that these grave and shameful evils can ever be corrected. These do not reach the root of the evil, and can neither therefore check the mischief nor obviate its ill effects. The lopping off of a few withered branches here and there will do but little good—and locking the stable door after the steed is gone, is valueless. Something more is needed.

Well—the fountain head of all the trouble is the credit system or rather the very general and systematic abuse of credit, and the grand desideratum is a more satisfactory, sound and reliable relationship betwixt debtors and creditors, or buyer and seller. The all pervading nature and importance of this as an object is unquestionable. Every body has an interest in it. The only question is—Is this possible? can it be brought about and maintained by any practicable or reasonable means? I firmly believe it can; but it is not by any bankrupt law or laws of any kind that this most desirable object is to be attained, for these never have given and never can give general satisfaction. And yet that it may be done in a very simple, easy, efficacious way there can scarcely be a doubt, and the subject richly merits, and the times invite discussion. But as it might take some little time and space to explain the matter fully, and as I know not whether your columns be open for the purpose, I refrain for the present. If they are open, however, I shall endeavour to do so, very briefly. It is the system, not men, with which we have to deal. Men may be bad,—and bad enough too many of them are,—but a faulty system, and the still more faulty practice begotten of it, has made, or at all events materially helped, to make them so, and must therefore bear the larger portion of the blame, although it can never justify wrong doing.

I remain, your very obedient servant,

AN OLD WHOLESALEMAN.