

The Commercial

WINNIPEG, AUGUST 14, 1893.

THE SITUATION IN THE STATES.

The panic condition which has existed in the United States for some time, has created interest in the extra session of Congress called this week, as it was well understood that this meeting of Congress has been brought about as a direct result of the unsatisfactory business situation. All eyes are therefore turned to Washington, and the proceedings there will attract more than the usual interest. Legislation relating to the silver question is the main expectation, and whatever Congress may enact in this respect, it is certain that no measures will be passed without prolonged discussion, sharp criticism and keen opposition. The silver men form an important party in Congress, and they will fight desperately to prevent the adoption of any measures conflicting with their pet theories.

President Cleveland's message presented at the opening of Congress, is as usual, a concise and business-like document. The alarming business situation is referred to at the outset as the cause which has led to the calling of the extra session. This condition of the country is ascribed by the President principally to "unwise legislation regarding the purchase and coinage of silver. The president describes the condition of the country in the following words:—

Numerous money institutions have suspended because abundant assets were not immediately available to meet the demands of frightened depositors. Surviving corporations and individuals are content to keep in hand the money they are usually anxious to loan, and those engaged in legitimate business surprised to find that the securities they offer for loans, though heretofore satisfactory, are no longer accepted. Values supposed to be fixed as fact, become conjectural, and loss and failure have involved every branch of business.

The president then refers to the passage of the measure authorizing the government to make monthly purchases of silver, showing that instead of this measure having operated to sustain the price of silver, the metal has continued to decline, notwithstanding the treasury has been compelled by the Act to purchase 4,500,000 ounces of silver bullion per month.

The actual cause of the trouble in this silver legislation THE COMMERCIAL will endeavor to explain as follows: The act provides for the issue of treasury notes, in payment of the monthly purchases of silver bullion. In order to preserve the parity of silver and gold, these notes were made redeemable in either gold or silver coins. The practical working of the act has been, that the government has assumed vast obligations in the issue of these treasury notes, to purchase silver bullion. This bullion remains locked up in the treasury. Treasury notes to the amount of about \$150,000,000 have been issued for the purchase of silver bullion, and only a small portion of this has been coined. At the same time, these treasury notes were coming back to the government on the demand for gold. If the government had

refused payment in gold, the notes would have depreciated in value, while their payment in gold depleted the treasury of the gold reserve held against other obligations, thus causing a condition of uneasiness and mistrust. While the government was filling the treasury vaults with pig silver, the gold was being drawn out to meet the demand from the return of these very treasury notes which were issued to pay for the silver. The gradual disappearance of the gold reserve was at the same time undermining the country's financial position and causing general mistrust. It is evident that if the purchases of silver were to continue, the treasury would soon be entirely depleted of gold, and the government would have nothing left with which to meet its obligations but a depreciated silver currency.

This will indicate how fast the silver purchase bill was driving the United States upon the financial rocks. Government bonds might have been issued to replenish the treasury with gold, but this would only have put off the evil day a little longer, and made the climax more severe when it did come. The silver purchase bill, instead, therefore, of maintaining the parity of silver with gold, would soon have driven gold out of the country and left only a debased financial structure. The depreciated silver money would not be accepted by other nations, except at its actual bullion value, and thus the whole financial and commercial structure would have become deplorably depressed. The fact that the treasury notes were redeemable in gold or silver gave them a gold value, but once the gold had become exhausted they would have fallen immediately to the bullion value of silver. The government was thus in the position of paying out its gold (notes redeemable in gold) to fill up the treasury with pig silver.

"SENSATIONAL" CROP REPORTS.

A couple of weeks ago THE COMMERCIAL had occasion to refer to some untruthful reports which were being published regarding the crop outlook in Manitoba and the adjoining wheat country. We stated that while the general condition was encouraging, it was not only misleading, but quite wide of the mark to use such words as, "unprecedented," "couldn't be better," "prospect the best on record," etc., in speaking or writing about the crops. There is still nothing in the situation to warrant the use of such words. While in some limited districts the crops promise better than they have done for years, the average condition is not unprecedented, it could be considerably better, and the yield does not promise the best on record by not a few bushels to the acre.

Manitoba people, we stated, were not principally to blame for the publication abroad of these misleading crop reports. An incident occurred recently which will serve to show how these reports usually originate. A representative of an Ontario financial institution, who recently visited Manitoba for the alleged purpose of sizing up the crop outlook, returned to Winnipeg after a trip through the province, and was put through the inevitable interviewing process by a daily paper reporter. In the interview this gentleman states that this is his first trip to Manitoba, but nevertheless he has

the hardihood to volunteer the information that we will see this year "the greatest harvest which Manitoba has ever reaped," all of which, everyone who knows anything about the crop outlook, knows is all rot. Now, what does this man know comparatively about Manitoba crops, when he admits that this is his first visit to the province? Just such reports as these, however, are the ones which are sometimes taken up, condensed, and published broadcast abroad.

While the average yield does not promise to be heavy this year, it will be a profitable crop, if prices realized are at all satisfactory. The early harvest is a very favorable feature. A little wheat has been cut already, and with favorable weather, the clatter of the binder will be heard throughout the land this week.

TARIFF REFORM IN THE UNITED STATES.

The silver situation in the United States has so far overshadowed all other matters, that tariff reform has been almost lost sight of. The president's message to Congress, at the opening of the special session this week, dealt almost exclusively with the silver question. The president emphasizes his belief that the present panic condition in the republic is "chargeable principally to silver legislation." He does not say that it is entirely due to silver legislation, but he makes a strong case to show that the trouble is almost entirely due to the silver purchase bill. Mr. Cleveland, however, tacks a brief reference to the tariff to the end of his message. He says:—

It was my purpose to summon Congress in special session early the coming September, that we might enter promptly upon the work of tariff reform, which the true interests of the country clearly demand, which so large a majority of the people as shown by their suffrages desire and expect, and to the accomplishment of which every effort of the present administration is pledged, but while tariff reform has lost nothing of its immediate and permanent importance, and must in the near future engage the attention of Congress, it has seemed to me that the financial condition of the country should at once, and before all other subjects, be considered by your honorable body.

How much the tariff situation has been the cause of the financial and commercial disturbance in the United States it would be interesting to know. THE COMMERCIAL believes that while the silver situation has a great deal to do with it, the tariff outlook is also an important factor in the general mistrust. The apprehended destruction of the present huge tariff system of the republic, is alone sufficient to lead to a condition of general mistrust and disaster. It is one of the evils of protection that it places business upon a false foundation, leads to a condition of inflation, bolsters up rotten institutions, builds up industries which have no solid foundation to stand upon, and generally results in an unnatural condition of commerce. After an evil system of this kind has once been built up, its removal could hardly act otherwise than cause a great upheaval among existing institutions. Protection in the United States has been of long standing, and it has been carried in that country to the greatest extremes. The declaration of the electorate at the last election