

THE RETROSPECT.

THOSE who foretold disaster to business during 1869 look in vain for the fulfillment of their prophecies. The record of the year is, on the whole, encouraging. Though only the fourth since the close of a great war, it shows rapid progress in recovery from the numerous derangements consequent upon struggle. In every department of commercial and financial affairs, the drift has been in a healthier direction. To say that the year has restored a really sound and normal condition of things in any one branch of affairs would perhaps be too much; but to expect such a change in so comparatively short a period would betray ignorance of the laws controlling business affairs.

1. The national finances have been placed in a much healthier condition. Partly as the result of a better condition of business, and partly from a more effective enforcement of the revenue laws, the income of the Government has been so far in excess of its ordinary expenditures to enable the Secretary of the Treasury to purchase, within the last nine months, nearly \$90,000,000 six per cent obligations: an achievement which, by tending to enhance the Government credit, helps to alleviate the burdens of taxation. Partly as the result of this improvement in the public credit, and partly from other causes, the gold premium has steadily declined to below 120, crushing in its fall a class of speculators whose baneful function it has been, for years, to produce artificial fluctuations in the premium, much to the injury of legitimate business. This is so much progress accomplished toward the ultimate recovery of the specie basis; a consummation for which conservative capitalists impatiently await.

2. The long-predicted crisis in our foreign trade, which, it is said, must, some day, result from a suspension of foreign purchases of our bonds, has not darkened the record of 1869. On the contrary, the price of Five-Twenties has advanced, at London, from 79 to 86½, or to within about 5 per cent of the equivalent of par in United States coin; and Europe has taken fully its average amount of our securities. Our foreign commerce has, within the last half of the year, assumed a much more conservative course. While the imports now show only a nominal increase upon the same months of last year, the exports both at New York and the cotton ports have been very largely in excess of last year; the result having been that we have retained in the country a very considerable proportion of our production of the precious metals, with the effect of depressing the premium on gold. It has long been felt that an important condition precedent to a permanent decline in the gold premium is an increase in our surplus of exportable produce; and the crops of this year have enabled us to make a very important progress in that direction. The fall in the premium has caused some uneasiness in the credits from an impression that the consequent fall in prices of large classes of commodities portended losses to merchants; but, in point of fact, the injury, as never all similar fluctuations for the last eight years, has been greatly exaggerated in the popular estimate, no failures being traceable to this cause.

3. Another season of abundant crops has made a most substantial contribution toward the recovery of a sounder condition in our industries and commerce. The wheat crop has been such as to reduce the price of flour to near its former gold value. Some of the other cereal crops have been deficient, especially corn; it is, however, a matter of inessential consequence to the trade of the country that the main staple of food has been once more reduced to its former value. The wool crop has been such as to reduce the price of that staple sufficiently to benefit both the manufacturing interests and consumers. The cotton crop, though not sufficiently large to result as yet in any material reduction in the cost of cotton fabrics to home consumers, will yet realize probably a much larger amount in gold, upon the exportable surplus, than in any former year; which is to be viewed as another very important contribution toward the correction of the chronic derangements in our foreign exchanges. But, while there has been this increase in the natural productions of the country, with a consequent decline in the prices of important classes of commodities, it is to be regretted that a corresponding reduction in the scale of wages has not been accomplished. That there is a natural and just basis for such a reduction cannot be reasonably questioned; but it is one of the many pernicious evils of "trade" unions that they tend to keep up the cost of labor when the general interest of the community, the operative interest included, calls for a reduction of wages. However, these conventional obstructions can only temporarily delay a natural adjustment of the profits of industry between the capitalist and the operative classes.

4. There is, of course, a class who would be reluctant to regard any downward turn in the value of real estate as a satisfactory feature in the year's history. It must, however, be chronicled that such a tendency has really set in; nor will the laborer, who has urged his heavy payments for rent as one reason of his demand for high wages, nor the merchant, who has had to devote a very large slice of his profits for rent for his store, find much difficulty in understanding how a fall in house rent or store rent should enable them either to save more or to spend more upon their enjoyments.

5. A very healthy symptom in the year's record is the declension in Wall-street speculation. The registered business at the Board of Brokers shows that the transactions in stocks have fallen off very nearly one-half from those of 1868. One cause of this may have been some of the expedients for stimulating speculation have spent their force; but perhaps the more important reason lies in the fact that, after an experience of some years in this class of operations, a majority of the habitues of the "street" have found that speculation has been a comparatively profitless employment of capital. The improvement in general

business, the growing steadiness in values, and the gain of confidence in legitimate enterprise have also had their influence in drawing away capital from speculative employments. The Gold-Room panic of September 24th has left behind it a lesson as to the dangers of gold gambling which has since severely restricted operations of that character, and which, it may be hoped, will hereafter contribute much toward moderating artificial fluctuations in gold premium.

6. Although the remarkable activity in railroad building which has sprung up within the year is at present viewed with some caution, yet, upon the whole, it is to be regarded as a really healthy movement. Most of the roads are intended to supply the wants of existing commerce, and to meet the deficiency in transportation facilities growing out of the check to building new roads pending the war; and the movement is therefore to be regarded as indicating, on the one hand, that the trade of the country is expanding, and, on the other, that we have surplus capital enough to provide for its wants.

Upon a fair review of 1869, therefore, the country has abundant reason for satisfaction, and may enter upon the New Year with hopes of a continued improvement in all our industrial, commercial and financial interests.—*N. Y. Com. Chronicle*

THE FINANCES OF MASSACHUSETTS.

THE following is the statement of the finances of Massachusetts, made by Governor Claflin in his annual message to the Legislature:—

The indebtedness of the Commonwealth has steadily increased for ten years past, but its sinking funds, established by law for its prompt redemption, have also accumulated rapidly. The policy of providing a fund for the payment of a debt before it was issued, has been strictly adhered to for a long time, and the result shows the wisdom of this course; for the State has always had an enviable credit at home and abroad. Her bonds find ready sale in Europe, and at prices considerably higher than those of any other American securities; and here her scrip is sought for by all persons seeking places for safe investments.

I find that the funded debt of the Commonwealth is \$29,737,259.90
Temporary loans 1,086,120.12

Total amount of debt Jan. 1, 1870 \$30,823,380.02
Increase during the year 2,087,649.97

It should not be forgotten, in this connection, that while the funded debt has increased, the sinking funds established for its redemption have also increased in proportion. These amounted on the 1st of Jan. current, to 11,476,351.27

And there is cash on hand, applicable also to the payment of the debt, amounting to 1,054,710.51

Back Bay lands fund in Treasury (which may be used for this purpose) 236,922.62

These sums deducted leave an indebtedness of the State, for which still further provision is to be made, of 18,055,305.56

From the last item, in order to understand the real liability of the State for principal and interest, there must be deducted the loan to the Western Railroad (not provided for the sinking funds) of 1,621,282.30

Loan to the Boston, Hartford and Erie Railroad (unprovided for in the sinking funds) 2,832,144.00

Loan to the Norwich Railroad (also unprovided for in the sinking funds) 146,864.00

Loan to the Eastern Railroad 125,000.00

Total \$4,725,250.00
Which leaves to be provided for by the State, principal and interest, the sum of 13,330,145.26

There are several other items which will ultimately reduce the debt. Among these may be mentioned the receipts for the Back Bay lands, which are estimated at 1,500,000.00

Land sold to the Boston and Albany Railroad 435,000.00

And the balance of our unsettled claims against the United States government, which are estimated at 400,000.00

It will be readily seen from this statement that the State is obliged to pay, from current revenue and taxation, interest on about \$13,500,000. A large portion of the loan is issued at five per cent, interest, payable in gold. This indebtedness will be increased annually for the next four years, about one million dollars, by payments to the contractors for the work on the Hoosac Tunnel, under their agreement with the Commonwealth.

This amount, with that still to be issued to Boston, Hartford and Erie Railroad, will swell the liabilities of the State to thirty-five millions of dollars. Although with the large sinking funds in the Treasury and the items which by law are pledged to those funds, the debt is not heavy when we compare the present condition of the State with that of a few years since; still, with the heavy taxation for national purposes necessarily following the war, which is seriously felt by all, the question may be asked whether it is wise for the Legislature to increase its liabilities in aid of new enterprises.

LARGE SUPPLIES OF WHEAT IN ENGLAND.—The receipts of wheat in England from America are still very heavy. There is a great accumulation of wheat both in London and Liverpool, and a statistical journal says there are now 74 more cargoes afloat bound to England than at the corresponding period last year.—*Eccl. Rec.*

THE COMMERCE OF THE CANALS.

DIVERSION OF THE WESTERN GRAIN TRAFFIC.

THE annual statement of the commerce of Buffalo, furnished by the *Courier* of that city for 1869, presents some interesting though not very agreeable facts and figures as to traffic upon the Erie Canal. The imports of grain and flour (reduced to bushels) by lake, are 45,007,163, against 49,949,858 last year, a decrease of nearly 5,000,000 bushels. The total of exports by canal shows only 28,612,317 bushels choosing that channel to the seaboard; against 36,763,663 bush last year. The aggregate of all articles shipped by canal is 1,231,706 tons, against 1,476,293 tons last year; and the total of tolls received is \$1,914,642, against \$2,040,015 received last year, a loss to the canal revenue of nearly \$400,000 for the year.

The lumber trade stands about as last year, the receipts, 224,355,748 feet, being an increase of nearly 17,000,000 feet over last year; while the exports by canal are 155,197,178, or over a million of feet less than last year. A falling off of nearly one half is noticeable in the trade in staves.

A comparative statement of the receipts at the five principal lake ports, shows that the grain trade of the west continues to expand in its proportions, although the share of Buffalo in it is annually shrinking. The receipts at these ports (Chicago, Milwaukee, Toledo, Detroit and Cleveland,) for the present year amount to 117,317,064 bushels of grain and flour, an increase over last year of nearly 9,000,000 bushels. It thus appears that of the enormous totality of western grain receipts, of which formerly the great bulk reached Buffalo, there are now scarcely three-eighths shipped to that port, while one-fourth of the same seeks its way to the seaboard by the Erie Canal.

New York State has therefore to make note of two great phases of diversion of trade which are now in operation to her detriment; the first being the tendency of grain to avoid the canals, the second its tendency to ignore the State altogether. The *Courier* says in its résumé:—"As the difference between lake imports and canal export of grain amounts, according to our tables, to 16,304,816 bush, it is not difficult to believe what is indicated in a recent report of the Erie Railway, that nearly 10,000,000 bush have been transported to New York by that route alone, during the year now closing. But, admitting that each of the two great lines of railroad from the west has carried to New York 10,000,000 bush of grain during the present year, there are still nearly 69,000,000 bush of the aggregate received at lake ports which have failed to reach the commercial metropolis. A large amount of this, of course, is absorbed for home consumption, but the far larger remainder, it is clear to see, has obtained egress to the seaboard at other points than New York. In confirmation of this fact, we note that the receipts of the present year at Montreal, of flour and wheat alone, amount to 12,174,565 bushels, an increase of 5,890,651 over last year. The figures of the grain trade at Baltimore, Philadelphia, and other points would doubtless tell a similar tale, if we had them at hand. To sum up, we have 117,000,000 bush of the cereals starting on the route of exportation. Of this aggregate 45,000,163 bush reached this city by lake; 28,612,357 are shipped by canal to tide-water, and perhaps 20,000,000 are otherwise conveyed to New York. Thus the grain trade, the natural highway of which is the Erie Canal, is being diverted from that neglected channel, and from this State. These figures are interesting to Buffalo, but they are still more important to New York city and the State at large. Their forcible teaching is, that, if there be any such thing as a policy adequate to the retrieving of what is lost, and the retention for New York of her commercial supremacy, it had better be tried at once."

There is certainly much food for reflection, as the *Courier* suggests, in the exhibit of Buffalo commerce relating to the canals; for the canal commerce of Buffalo, standing at the head of canal navigation, is the commerce of the whole line of the great Erie channel. There is no doubt that if New York is to retain her position with her public works as the main channel of the grain and other bulky products of the west, bound east, she must lose no time in making an effort toward the end in view. How much of the grain trade diverted from the Erie Canal may be chargeable to the rapacity of the Buffalo dock men in levying rates of elevation, &c., is a question which among the others connected with this subject will bear investigation.

One thing is certain, and that is, the carrying trade must be made the objective point. All tax of entry at the point of transshipment, and all tolls of transportation, must be reduced and varied as circumstances may require in subervency to that maintenance of the canals in proper repair, with a free channel and sufficient depth of water, going, of course, before all. These are the desiderata of the canal situation. The men at the head gates of Buffalo, the State, and all other parties in interest, save the productive classes of navigators, whose compensation is regulated in great measure by the law of supply and demand, must yield of the income they are deriving from the canals, and allow more to go to the account of construction and repairs and remuneration of the forwarders and boatmen, or very soon the bulk of the traffic will have flown in other directions, and there will be little profit for division in any quarter.—*Rochester Union.*

PORK PACKING IN THE WEST.—The Cincinnati *Price Current* states that the number of hogs packed up to the 30th ultimo was 446,124, and estimates the packing for the season will reach 531,420, against 488,576 packed in that preceding. The number of hogs packed at Milwaukee this season to December 31, 1869, was 100,000; average weight 200 lbs per hog; an increase of 4,009 head, and a decrease of 14 the per hog over corresponding period last season.