

pessimistic must have felt its influence. We have only to walk about the streets of this city to notice the improvement. The vacant houses are fast filling, and probably do not now exceed the natural number in a city of over 200,000 people; good houses of moderate rent are being enquired for, and are evidently becoming scarce; and the building operations of the city, which have been so severely restricted for some years, have increased for the first half of this year to the largest figures since 1891, being more than twice as much as in 1897. Clearly we are in the way of surmounting the very bad effects of the collapse in real estate speculation. We are told that houses taken over from defaulting borrowers in Toronto are now being sold in quite satisfactory numbers. Rents are, of course, low, and taxes high, and we see no sign of the losses of the past being retrieved by sharp advances in real estate values, but a healthy condition as to occupancy and ownership is the first requirement. The great danger to be avoided seems to be the return of speculative building on borrowed money, of which there is some sign already. The owners of rented residential properties, who are also lenders, and those lenders who have large sums of money depending on the value of residential property, have only themselves to blame if they help others to increase the supply, and thus tend to permanently keep down both values and returns. We are told that the number of farms held under foreclosure or default is lower, both in Ontario and Manitoba, than for many years past, many loan companies having practically no properties of this class on their hands.

AGRICULTURE.

As we all know, the substratum of our commercial well-being is agriculture, and this has truly been the farmers' year. Indeed, I believe that many of the farmers of Canada are willing to admit that they have had a good year, and such an unusual admission is significant of a great deal. Wheat has not been sown freely in Ontario for many years, but with a steadily advancing market ending with phenomenal prices, it is not surprising that in sweeping up the floors of the granaries such an extraordinary quantity turned out to be in the farmers' hands. Many have held their wheat two and three and even four seasons under the charm of "dollar wheat," actually realized in some cases this time. In Manitoba the yield per acre was disappointing, being about fourteen bushels, but the quality was so good that 92½ per cent. of the crop graded equal to No. 1 and 2 hard, while the price was so high that that province has added another year to its recent history of uniform progress. The railways claim to have moved 19,000,000 bushels, which would mean in money to the farmers of the North-West over \$14,000,000. It is no longer a province to which the East finds it necessary to extend its sympathy as well as its financial indulgence. It has instead become the object of our admiration, and sometimes of our envy. Emigrants are now rapidly settling in Manitoba, while at the same time farming operations are being extended in Ontario. Indeed, the high price for all kinds of farm products has done much to arrest the withdrawal of men from agriculture to mining and other more precarious pursuits. A greatly increased acreage of wheat has naturally resulted, but with empty granaries in America, and low-stocked mills throughout the world, it would seem that we may hope with some confidence for a reasonable price for wheat during the ensuing season. Until the world's stock of wheat again reaches the normal quantity we seem entitled to a price larger than the average of recent years. As far as mere prospect of growth is concerned, the season thus far has been most favorable to grain, hay and fruit, and everything promises well for a most bountiful harvest.

The farmers during the past winter were

in an unusually good position to fatten cattle, the supply of coarse grains and other food being very large, but as we intimated a year ago, the demand which sprang up so suddenly, both in the United States and Canada, for young cattle to feed put up the price to a figure which in some cases left little or no profit to the feeder. For the same reason, the number of cattle being fed or grazed is in some parts not as large as it should be. But as a whole the condition of the cattle business is much improved from the recent years of low prices. The trade in special types of horses for shipment to Europe continues to grow, and to be profitable to those who undertake it intelligently. There has been a large and satisfactory business done in Canada in all kinds of hog products, with a healthy increase in volume over last year. The farmer has received a price for this product which must pay him quite as well, if not better, than the other products of his farm. There are strong complaints in some quarters as to the use of corn in feeding, although other packers think the warning uttered a year ago by those interested has had its effect. Still, it can do no harm to say again that the high reputation of our bacon, however much due to superior methods of curing, is mainly based upon the methods of feeding which have prevailed in the past, and this reputation may be ruined in a very short time by the use of corn. We may as well understand that we cannot both force the feeding and the early marketing of the hog on the one hand and continue to obtain the high price on the other.

The season closing 31st March last has been another banner year for cheese. It was felt that the excellent pasturage of 1897 would result in a larger yield, but we were hardly prepared for an output of nearly 200,000,000 pounds. The precise figures are 198,250,000 pounds, against 162,844,000 for the previous year. The price too, has been very satisfactory, nearly 1 cent per pound higher on the average than the previous year. The result in money was \$17,900,000, against \$14,318,000, a gain of about 25 per cent. Cheese is being produced in new districts in Canada every year, and the promise for pasturage in 1898 could hardly be better. It is, however, questionable if another great increase for the coming season will be an unmixed blessing. The Canadian farmers did well last year, but we are told that the English dealers lost money, and we may not find a market this year quite so willing to consume all that we may make. We are improving our exports of butter, although we are far from taking the important position in this trade which seems within our power. We apparently send Great Britain more than 60 per cent. of the cheese she imports, but only about \$2,000,000 worth of butter out of imports amounting to \$85,000,000 or thereabouts, a trifling proportion of less than 2½ per cent.

On the whole, it is impossible to resist the conclusion that the farmers throughout Canada have had one of the best years for a long time, and have a prospect ahead of them for the next year which has perhaps never been better. They have been paying remarkably well for all debts such as store accounts, implement notes, and interest on mortgages. They have in numerous cases either paid mortgages off entirely, or have made large reductions, in many of the latter cases demanding a reduction in the rate of interest in consequence. Those who were not in debt have largely increased their savings, much of which is reflected in the increased deposits in banks. They have certainly become good buyers again from the implement companies, but whether from the shopkeepers is not so clear. With another prosperous season, however, we cannot doubt that the farmers generally will be able to spend money more freely than for some years.

LUMBER.

This has been another year in which while in certain aspects the lumber trade

has been quite satisfactory, in others it has continued unsatisfactory. The British buyers, as in several recent years, purchased last autumn the cut of deals for the ensuing summer from the leading manufacturers in Ottawa and adjacent points. In consequence of these ready sales the range in quality of deals now embraces grades low enough to make further movement in that direction of doubtful wisdom for the present. The British market has lately had perhaps a less strong tone than is desirable, but as the cut this year will be considerably smaller than was expected, this may ensure the maintenance of good prices. The prominent manufacturers, who have enjoyed for some years a good market in deals and thin lumber, are gradually widening the proportion of their entire cut intended for Great Britain and seem determined to make a market for some of their product in a less raw state than sawn lumber. From every point of view this is desirable, and particularly so as long as we have to look to the United States for a market for such a large percentage of the cut of each mill. But whether our lumbermen look to the United States for the disposal of only a portion or of practically all of their manufacture, their disappointment may be understood when the Dingley tariff bill announced that logs were to enter the United States free, but that lumber must pay \$2 per thousand feet board measure. Subject to this duty there would doubtless have been a large business done in Canadian lumber, both in the Eastern and Western States, together with the considerable improvement which we have had in the home market, owing to the general revival in business. But the war has sadly marred the outlook by seriously diminishing the volume of trade in the Eastern States, and doubtless somewhat in the West, although the business there is still much better than in recent years. It is to be hoped that the action of the Ontario Government in enforcing the manufacture into lumber in Canada of logs cut from Crown lands will cause our friends in the United States to see that there is an effective answer to their selfish policy of free logs and high-tariff lumber. With the better feeling between the two countries and the improved state of the lumber industry in the United States, may we not hope for the removal of all restrictions in this particular trade, in which there is no room for real difference, if the true interest of each country, taken as a whole, is to govern, instead of the interests of a few individuals?

STATE OF TRADE.

The past year was evidently the last of the series of lean years through which we have been called upon to pass. At the beginning of it there were features sufficiently bright to enable one to foresee an improvement, but there were also many unsatisfactory elements, especially in the United States. The passage of the Dingley tariff bill with certain sections not only most illiberal, but unfriendly to this country, was keenly felt, and although, with the rising tide of general prosperity, we have for the moment almost lost sight of these points, they still remain a serious menace to our lumber and pulp industries. It has also been a very unsatisfactory year to those who are interested, and most of us are, whether we realize it or not, in the financial condition of the United States. The President, in a message, tried once more to arouse the people to the fact that currency reform was the most grave and pressing question before the nation. The monetary conference established at Indianapolis brought in a set of recommendations which have at least the merit of being the best that have thus far been made. The Secretary of the Treasury has laid plans of currency reform before the public, and the Committee on Banking and Currency have also, through Mr. McCleary, given birth to a plan. Nothing has, however, been actually accomplished. Except in the face of a panic, or in a cam-