

The Penalty of Over-Expansion. EVILS attendant upon a period of over-expansion and speculation need no emphasizing at present. The inevitableness of reaction and the necessity of retrenchment are being forced home in a most practical way upon our neighbours to the south—and in a lesser degree upon ourselves.

Production of pig-iron in the United States last month is given as 1,828,000 tons, a fall from October of 508,000 tons, from November a year ago of 359,000 tons. While October's output broke all records in volume, November's total was the smallest of any month in more than two years—or since July, 1905. The iron trade may be considered barometric of the general trade conditions which are reflected in bank clearings throughout the country.

The total clearings in United States cities for the month aggregated \$9,600,000,000, or about \$4,000,000,000 less than a year ago—a decline of 30 p.c. In New York city the total clearings aggregated \$5,500,000,000, a decrease of over \$3,000,000,000 within the month. The effect of lessened trade activity is being evidenced also in railroad earnings. The gross total reported by 33 roads in the fourth week of November was \$11,500,000, a decrease of \$163,000 compared with one year ago. While this is apparently a small falling off, it is to be remembered that for years earnings have shown steady increases ranging from 5 p.c. to as much as 20 p.c. compared with the preceding year. Then, too, failures in November aggregated \$17,600,000, compared with \$12,000,000 during the same time in 1906.

Extravagant Retrenchment.

There is no doubt that something of reaction is inevitable in the readjustment of United States financial conditions. But there are those who fear that the pendulum will swing unnecessarily far in the direction of trade recession. And instances are not wanting here and there, of contraction that seems almost as unreasonable as was the preceding expansion.

The public remarks of Governor Hughes last week, were much to the point in this connection. He declared that "the highest sagacity will be found in the endeavour to see, not to what extent credit may be restricted, but how far it may be granted; to see, not how many plants shall be shut down, but how many can be kept employed; to see, not how many orders may be cancelled, but how much work may be carried on."

The history of financial and trade conditions following previous United States panics has shown that the strength of the country's banking position is apparently regained within a few weeks or months. But along with this apparent recovery, there ordinarily goes a marked recession in general

trade. Through a drastic curtailing of manufacturing and commercial activities the money market may, in a few months after a panic, become fairly glutted with funds—funds which trade is, however, no longer in a position profitably to use, on account of its demoralization. It would seem as though American finance, like American humour, is apt to be characterized by exaggeration. Mark Twain's phrase, "exuberant incongruity," might well be applied to the excessive contrasts which the United States has afforded between periods of speculative expansion and extreme depression. It is "frenzied finance" in cowardly retreat that Governor Hughes evidently fears; and against which he would have the country guard itself.

Bank Clearings in United States and Canada.

While bank clearings in Canadian cities show some decreases, the falling-off from last year is proportionately much less than in United States centres. This is again evidenced by Bradstreet's report for the week ending December 12, giving percentage of change from the corresponding week of last year:

New York	\$1,319,723,000	Dec.	38.9
Chicago	191,385,000	Dec.	14.0
Boston	125,125,000	Dec.	62.0
Philadelphia	119,321,000	Dec.	27.7
St. Louis	58,832,000	Dec.	11.3
Pittsburg	47,585,000	Dec.	12.0
San Francisco	29,240,000	Dec.	36.6
Baltimore	26,310,000	Dec.	14.7
Kansas City	29,150,000	Dec.	5.7
Buffalo	7,763,000	Dec.	10.0
Montreal	32,363,000	Dec.	2.7
Toronto	25,621,000	Dec.	8.3
Winnipeg	14,164,000	Inc.	5.5
Ottawa	3,456,000	Inc.	12.0
Vancouver	3,571,000	Inc.	2.6
Halifax	1,948,000	Inc.	5.5
Quebec	2,264,000	Inc.	23.3
Hamilton, Ont.	1,631,000	Dec.	7.0
St. John, N. B.	1,269,000	Dec.	1.7
London, Ont.	1,308,000	Dec.	2.
Victoria	1,081,000	Dec.	2.8
Calgary	1,292,000	Dec.	17.1
Edmonton	761,000	Dec.	10.3

Quebec's Harvests. The Department of Agriculture of the Province of Quebec has issued the following bulletin on

the state of the crops in the province at the end of October. Quebec has certainly no cause for grumbling, when it compares its harvest with those of other provinces and neighboring States.

Notwithstanding the unfavourable temperature and the continued rain, the crop generally will show a better average than that of 1906; this year's crop giving a return of 71 p.c., against 65 p.c. for 1906. This statement is based upon the hundreds of reports which have been received by the Department of Agriculture, and if on the one hand there is a certain decrease in the yield of grain, there is on the other hand an increase in fodder and fodder plants, which largely compensates the decrease in the cereals.