

thinking that by so doing they are lessening by inordinate competition the chances of those already established, and at the same time reducing their prospects to a minimum. This trade was overdone, and now they have to face the inevitable results of their over anxiety. Manufacturers are now putting their heads together and trying to devise some means by which they may best overcome the difficulties which surround them, and by devising some means of keeping the production within limits keep the price up to the standard of previous years. In other words they are trying to form rings for their mutual protection. The history of all such attempts to control the trade of a country shows that failure has more generally been the result than otherwise. The oil ring that was formed in Canada some years ago is a striking example of that to which we have referred. A system of bolstering prices can never succeed and it is well in the public interest that it should be so. If the manufacturers do suffer they have their own recklessness and over-anxiety to amass wealth quickly to blame. But the public will reap a benefit in the meantime, and those who have been foolish to risk their capital, and by doing so have brought about the stagnation caused by overproduction have themselves to hold to account. Supply and demand will regulate itself in the course of time despite the efforts of avaricious manufacturers and others to bolster up prices.

### SCHEMING INSOLVENTS.

The insolvent records of the current year are not without their valuable lessons to creditors as well as debtors in the Northwest, and these lessons are carried very plainly in the figures which the record of misfortune supplies. With the opening of 1883 the first hard pressure of contraction was making itself keenly felt, and the first three months developed more insolvencies than the whole year of 1882. It was a noticeable fact, however, that the total liabilities involved were some ten per cent. less than the estimated assets, showing plainly that many of the insolvents were worse scared than hurt. Creditors, however, and especially distant ones were still more scared, and pressed customers hard and in some cases unrelentingly. The second quarter's insolvencies showed no material change in number, but the aggregate liabilities were fifty per cent. in excess of those of the first,

while the estimated assets instead of being ten per cent. above the liabilities were fifteen per cent. less. The third quarter showed nearly double the number of insolvents, with an increase of about one hundred and ten per cent. of liabilities over the second quarter, while the proportion of estimated assets to liabilities had fallen to under sixty per cent. By the end of the third quarter the panicky feeling and disposition to crowd debtors had greatly abated, and failures since the first of October have been few in number, but as time wears on the discrepancy between assets and liabilities widens steadily out.

This shrinkage in the proportion of assets to liabilities which has been going on during the year is no doubt due in a great measure to the depreciation in the value of real estate, which has taken place, a good share of the assets being composed of city and town property. But quite a large share of it is due to the scheming of insolvents and withholding of assets by them, which has been greatly on the increase of late. Such action no honest man can defend, but it is questionable if creditors are not much to blame for forcing matters into such a state. The first insolvents of the year with scarcely an exception made a clean surrender of all they possessed, and the manner in which their assets were sacrificed and squandered to satisfy the eagerness of some creditors, no doubt made some regret having acted so honestly. As the year wears on unfortunate traders seem to make provision for such contingencies, and when assignment can no longer be avoided, their state of affairs usually show some arrangement to checkmate the capacity of hungry and selfish creditors, and which has the effect of forcing a settlement for the safety and profit of the latter. No class of men can be rated as unflinchingly honest any more than traders, and when the incentive to honesty is taken away, and placed on the side of dishonesty, it must be expected that many will even with reluctance adopt the latter.

An instance of how much country merchants fear sharp practice on the part of over urgent creditors is furnished by an assignment recorded in another part of our columns. A party in Virden had his store and stock almost entirely destroyed by fire, but fortunately was fully insured in reliable companies. The fire although a misfortune that must bring him great inconvenience, will cause him compara-

tively little loss. His state of affairs showed a liberal surplus of realisable assets over his liabilities, yet such was his fear of some urgent creditor taking hurried action for recovery of a claim, that he at once made an assignment as a matter of safety. His creditors will all be paid 100c on the dollar, and with little delay, and his assignment under a system where creditors would be protected against sharp practice, would be altogether unnecessary. If an honest debtor is forced to adopt such a course, it is only to be expected that a more crooked one would be adopted where the sterling element of character was less strongly developed. Greedy creditors are, therefore, much to blame for the present unsatisfactory state of affairs, out of which there seems no escape, except by the passing of a bankrupt law which will compel the equal division of insolvents' assets among creditors, and at the same time prevent the unfortunate but not dishonest debtor from being at the mercy of any vindictive creditor.

### UNITED STATES BANK CIRCULATION.

Considerable attention is being directed across the line to the contraction of the National Bank circulation in the United States. United States bonds form the security upon which the circulation is based; the issue being to the extent of ninety per cent. of the par value of the bonds deposited. The Government has been rapidly reducing its debt, and still continues to effect a further reduction monthly. The banks are thus compelled to surrender their bonds and make a corresponding contraction of circulation, the high price of the 4 per cent. bonds not subject to call, making the purchase of these to replace the 3 per cents. unprofitable. For the year ending Nov. 5th, the circulation was contracted \$11,186,000, and of the \$184,500,000 of 3 per cents. held by the banks thirty millions have been called for redemption in December. As a remedy for the difficulty it is suggested by some that the tax of one per cent. on the circulation be abolished, it being calculated that the banks could then afford to purchase the 4 per cents., which are not redeemable for 24 years, at a premium of 22 per cent. It is also proposed to substitute 3 per cent. 50 year bonds for the outstanding 4 and 4½ per cents. But, as a contemporary puts it, both these plans are open to the objection that they are merely temporary expedients, a putting off of the day when a basis for the bank circulation other than the public debt must be established.