

by the price of gold; but there were some compensatory and protective advantages which the gold speculation did not possess, and on the whole our dealers in this trade came out gainers. It is estimated that the average profits on milling—tested in some first-class mills—was, last autumn, 30c. per barrel; in 1862, the profit was about the same; but in 1861, the earnings were once 60c. per barrel. Still, at 30c. the earnings were not to be despised, especially in view of the unfortunate losses made elsewhere in the trade. The partial failure of the white winter wheat crop in the Western States, led to a revival in some degree of a demand for Canada from New England millers, and throughout the latter part of the fall, both farmers and dealers got better prices than could have been realized had purchases been exclusively made for a European market.

Excepting, however, these limited sales of flour and grain to the United States, the general result of the grain business was unfavourable, and especially so with the shipments to the mother country. And in this respect, it is rather a lamentable fact to admit, but shipments of produce from Canada to Great Britain have seldom if ever paid a profit. About every five or ten years there is a vigorous movement toward direct shipments; for a season perhaps they are successful, but soon the fatal result comes, of loss and ruin to those most extensively engaged. Any one conversant with the history of the trade for the past fifteen or twenty years, will confirm this impression. The mortality, commercially speaking, of produce merchants—the hundreds that fail to the dozens that succeed—is the best evidence of the fatality which appears to attend operations in this branch of trade. Among the large number of shrewd, capable, and some at one period wealthy men, who have dealt in produce in Toronto and its vicinity during the past fifteen years, it is difficult to point to more than six successful men, and these six have been mainly successful from operations aside, though in some degree connected with the trade. Why is it that with all the shrewdness, business capacity, energy, economy, and capital, which in any other branch of commerce would have earned a fortune, in this most important and vitally essential department of trade, ruin and disaster is the general fate? How comes it that in our country the one section of commerce on which all others hinge should have a fatality attached to it sufficient to deter sensible men of means from embarking in it?

There are various reasons assigned, of more or less cogency, but the one which appears best to explain the difficulty is that found in the condition of the monetary system of the Province. Three-fourths of the capital employed in the movement of the crop is owned by the banks. They are always anxious to invest their means in this description of business; for, in addition to the interest which they derive directly from the borrower, they get a circula-

tion for their bills or promises, which by no other means can be attained, and which is a very important source of profit. By the movement of the crop to distant localities or foreign countries, balances are made for operations in buying or selling exchange, a still more profitable department, so that in everything out of which banks make money and pay dividends, the produce trade bears an essential part. Then the repayment of the amount advanced is not only more rapid than in any other branch of business, but is more certain, for a dealer has always either in warehouse or in transit property, which can be sold at once for cash, to repay the advances made, and generally the banks still further secure themselves by having a lien thereon in the shape of collateral. In addition to the profitable and secure nature of the trade, the consideration is seldom lost sight of that just in proportion to the rapidity and ease with which the grain of the country is got to market, the general state of trade is affected. Without a movement of the crop, the whole system of commerce is deranged; the country shopkeeper cannot meet his payments, nor repay loans made to him, nor the wholesale merchant take up his bills nor remit his exchange. Every consideration, therefore, makes the produce business a peculiarly attractive one to the men under whose management the accumulated and active working capital of the country is placed.

This being the case, it is not to be wondered at that the facility with which money is got for produce purposes leads frequently to an unsound and mistaken policy. Almost any man in the trade, if he has an honest reputation, with a capital of from five to ten thousand dollars, can command an amount of ten times as much, or say fifty or one hundred thousand dollars. Putting up his own means "against a margin," or, in other words, agreeing that they shall stand against any loss in the transaction, the bank on their part agree to advance from two-thirds to sometimes as high as seven-eighths of the value of all the grain or flour that the dealer can reasonably control. The facility with which money is thus obtained turns the head of many an honest, well-intentioned man. He is killed with kindness, or rather it would be more correct to say that he gets so much rope that he hangs himself. Once engaged in the trade, with all that he is worth as the stakes, driven on by the keenest competition, with the vainest hopes of a rise in prices, and the thought that ever so slight a rise may make him rich in a single season, he is induced to buy at a price at which he can scarcely sell even in advancing markets, leaving out of the view the possibility of either a fall in the market or a depreciation of the grain by the influence of the weather.

The whole evil of the trade—the main cause of all its misfortunes—is that the prices paid are uniformly too high. Bread in London, England, to-day is as cheap per pound as in Toronto, and the average price for grain over