

The Commercial

WINNIPEG, JUNE 18, 1894.

"WHAT IS THE MATTER WITH HANNAH?"

(Continued from last week.)

In the last two issues we have made a fruitless search for the cause of the present stringent and otherwise unsatisfactory state of trade among our country merchants, and in the field of freight rates either into or out of the country, we are satisfied no direct cause can be found.

A search in another field, in which the country merchant himself holds the control of matters, throws much more light upon the question at issue, and may be looked upon as the main cause of all the trouble. That field is the reckless system of credit, which has been the custom throughout the country. In the report of our investigating representative the reader could note that anywhere in the province, outside of Winnipeg and perhaps Brandon, the merchant offered ten per cent. discount off his prices for cash, and in not a few instances fifteen per cent. was the discount. Such a bait is a loud protest against credit as it is at present given, for no mercantile profits at the present time will stand a shave of fifteen per cent. for cash, and the profits of our country merchants certainly will not. The offer is therefore a powerful proof of the rottenness of credit in Manitoba, and the state of rottenness can only be comprehended by those who have had an opportunity of closely inquiring into its workings.

A few facts and figures supplied by Mr. Bertrand, the official assignee for the province, throws strong light upon this state of rottenness. In almost every case of insolvency which occurs now a-days, the great shrinkage in the winding up of estates is to be found in the book debts, which in many instances have been almost valueless. When a merchant reaches insolvency or is forced to assign in trust, and the bulk of his assets are unsold stock on his shelves, his estate invariably pays quite a heavy composition to creditors. When, however, the stock is low, and the book debts heavy, the opposite is the result. Mr. Bertrand's figures show that of the insolvent stocks sold en bloc during the eight months ending May 31st, 1894, the lowest figure realized was 46 cents on the dollar, while the highest realized 70½ cents on the dollar. In fact stocks thus sold averaged all over in the neighborhood of 60 cents on the dollar. These are certainly the rightest figures of the records of insolvency, for the sales of book debts furnish a Rembrandt-like depth of shade. One outfit of book debts did bring 45 cents on the dollar, but it furnished an oasis in the desert of depreciation. Other outfits sold at from 9c to 15c on the dollar, and for some no purchaser could be found at any money. Insolvents' assets on their shelves were worth on the average 60 cents on the dollar; those in their books were not worth on the average 15 cents.

It is pretty safe to assume that the stocks

and book debts of our solvent country merchants would, if fairly valued, show a contrast almost as striking. Both, no doubt, would grade higher in value than those of insolvents, but a comparison would be just as powerful a proof of the comparative depreciation of the book debts.

We have no hesitation in saying that right in this credit system lies the main and only great cause of Hannah's ailment, and until a complete revolution in the system takes place, the ailment must remain chronic, breaking out in more violent symptoms as each wave of depression sweeps over the country, and lying dormant, sapping the vitals in periods of prosperity. It cannot be purged from the body commercial until a complete revolution takes place.

Without reference to any of the foregoing facts and figures, a calm view of the situation as it exists in the West should convince any business man of the folly, the ruinous folly of the credit system, carried on by our country merchants during the past ten years. The country merchant has all along been the unsecured creditor of the farmer, and it is hard to see how he can devise a system which will secure him. While he has been giving credit without security, the mortgage company, the farm machinery agent, and the local money lender, as well as other shrewd operators, have been securing liens and mortgages on all the farmer possesses. Such concerns have all their machinery organized for the work in a state to which it would be impossible for the country merchant to attain. Under such circumstances he is simply running in a race in which he has no chance of coming out ahead, or even securing a place. He is in the race in one sense, but entirely out of it so far as a state of safety is concerned. Even this view, without any quotations of facts and figures of results, should convince any merchant, that his system must undergo a radical change, or the trading community of the country must, with few exceptions, come to ruin.

This credit system is a question for the immediate attention of our country merchants, for legislation has now placed the farmers even further beyond the reach of the country retailer's collector. It is a burning question, and should be discussed and settled with as little delay as possible. There is quite a little talk about a second convention of retail merchants being held in Winnipeg during the holding of the Industrial Exhibition in the end of July. There never was more urgent need of such a convention, and there never was a question of more importance to merchants to discuss. Let a move be made therefore at once in this matter. Let each town in the West set to work to select representative merchants to go there as delegates, and all preparations will be made for the gathering in the city, as was done for a similar gathering a few years ago. The staff of The Commercial will undertake to make all the arrangements here, if each town or district will only select its delegates and send their names to this office. All arrangements about a place of meeting, and if possible reduced railway fares, will be made from this office, if the different mercantile communities will only set to work and make their prepara-

tions. We hope, therefore, to have communications from all districts within two weeks from this date, after which the arrangements in the city will be announced in this journal in detail.

This is a matter which should not be let slip. The question of the hour is a burning, if not a vital one. In this credit system lies the dangerous part of Hannah's ailment. Freight rates may cause her slight pains at times, and poor crops may bring temporary sneezing or coughing fits, but remove the credit complaint, and every chronic symptom will disappear in a short time, and our commercial Hannah will be husky and strong.

A BIG "SCHEME."

A United States Congressman, who is also a member of the committee of railways and canals, has brought forward a scheme to open a water-way through to Hudson bay connecting the Mississippi river with the great bay of the north. If carried out, this would give water communication right through the centre of the continent, or from the Gulf of Mexico to Hudson bay. His plan is to use the Mississippi river, as far as the juncture of the Minnesota river with the former, near the city of St. Paul. The Mississippi river is of course already navigable from its mouth to St. Paul. The Minnesota river rises in big stone lake and flows southeastward to the Mississippi. The Red river rises in Traverso lake, and flows about due north into Lake Winnipeg, and thence through the Nelson river into Hudson bay. The only break in the water connection now, from the Mississippi to Hudson bay, is the space between the sources of the Red and Minnesota rivers. The two lakes which form the sources of these two rivers, however, are quite close together—so close that in high water they overflow and form practically one lake. It is said that boats of some size have passed from one lake to the other, in high water periods. Thus it appears that in high water there is really and unbroken water course from the Gulf of Mexico to Hudson bay.

The conclusion must not be jumped at that because this water connection exists, it would be an easy matter, or even at all feasible, to make this connection a highway of commerce. Even if practical, it could only be accomplished at great expense, and until we have an estimate of cost, based on actual survey, the scheme can hardly be considered as practicable. The Mississippi river, we have stated, is already navigable, and the same may be said of the Red river, while lake Winnipeg adds another 300 miles of unimpeded deep water navigation. Congressman McCleary, of Minnesota, who is responsible for bringing up the scheme at Washington, speaks about the obstruction in the Red river below Winnipeg as though it were the most serious difficulty to overcome, while in fact this is only a trifling obstruction. These rapids near Winnipeg do not impede navigation at all except in low water, and according to surveys made an expenditure of less than \$500,000 would be sufficient to establish deep-water navigation for lake steamers over the rapids. The real obstacles to overcome would be met with in the rapids of the Nelson