

THE COMMERCIAL

The registered authority on all matters pertaining to trade and commerce in Western Canada, including that of Ontario, Province of Lake Superior, the Province of Manitoba and British Columbia, and the Territories, and the Northwest Territories.

Twenty-First Year of Publication.

ISSUED EVERY SATURDAY.
Subscription—Canada and the United States, 75 cents per annum in advance; elsewhere, \$1.00 when not paid; changes for advertisements, or stops, should be made not later than three days before morning.

Advertisements purporting to be new matter, or which profess to express the opinion of the journal, will not be published. The Commercial certainly enjoys a very much more circulation among those who are interested in the vast region lying between Lake Superior and the Pacific coast than any other paper in Canada, daily or weekly. The Commercial is published by the leading wholesale, commission, manufacturing and financial houses of Eastern Canada. Merchants Bank Building, Telephone 26 and 27.

D. W. BUCHANAN,
Publisher.

WINNIPEG, AUGUST 15, 1903.

NOTICE TO ADVERTISERS.

Thursday next, the 20th of August, having been proclaimed a public holiday there will be no printing done on The Commercial that day. Advertisers are requested to send copy for changes in their advertisement by Wednesday noon in order to ensure proper attention being given to them.

WHY THIS HASTE?

There is a considerable disposition in the West to look with favor upon the construction of the proposed Grand Trunk Pacific Railway, regardless of conditions. The feeling in favor of the road is so strong, that many persons will not stop to enquire closely into the terms of the agreement. "We want the road on general principles, and we will not stop to criticise the means by which it is proposed to secure the route." This kind of talk, which individuals may be excused for taking its stand it would be a discreditable position for a public journal to take. The Commercial strictly refrained from discussing the matter on the strength of such information as became public through Minister Blair's resignation; or in other ways. We waited for the publication of the full text of the measure, and with this now published property the question is fair subject for impartial criticism.

At the outset there is every evidence of hasty consideration in connection with this Grand Trunk Pacific Railway enterprise. It is quite certain that at the opening of parliament the matter had not yet been considered. In the speech at the opening of parliament a transportation commission was promised, which should "take the whole question of transportation into consideration." From this it is evident that the government did not then even contemplate taking any action toward building a road. In view of this fact, the burden of the premier's remarks to the effect that we are at the mercy of the United States in the bonding arrangement, falls somewhat flat. Premier Laurier shows a lot of things that we must have this road at once in order to make us independent of the United States, as the bonding privilege might be shut off at any time. It is almost amusing to note the importance that this bonding question has assumed all at once, as though it were something entirely new, instead of a question which has been before the country in one form or another since the earliest days of our national existence.

While the people of the West will hold up both hands for another railway, the matter certainly is not so urgent that we need favor what we believe to

be a bad bargain. There is no necessity for urgency in the construction of a railway from Quebec to Winnipeg, much less from Moncton. In deed this is a matter about which there is not a particle of necessity for haste.

The road is not needed at all as a present requirement. In time it may prove a good thing in developing a new territory about which very little is known, but it is not a pressing matter now. Mr. Blair's advice that time should be taken to explore the country through which it is proposed to build, was much more reasonable. The government policy of haste—virtually deciding the question in the dark—seems very unusual.

Almost any intelligent westerner with a knowledge of affairs, would at once propose a plan which he might think to be superior to that adopted by the government. This would be to begin work on the government road at Lake Superior. Build the road to Winnipeg and thence carry the line westward across the prairie. This could provide a road where it is most urgently needed and which should return a profit on the investment at an early date after completion. Such a road could in time be made a transcontinental one, but as we have said, there is no incentive for haste in making it such. On the contrary, much reason for delay and investigation. The only argument advanced for haste, is that in connection with the bonding privileges. The bonding arrangement is almost as advantageous to the United States as it is to Canada, and there is less reason to expect a disturbance of this arrangement than there has been at any previous time for the past quarter of a century.

The same sentimental reasons which are now urged for pushing through this work were all dilated upon when the Canadian Pacific Railway bill was before parliament. The government was led to think, from the sentimental reasons mentioned in by the premier's press in regard to the Grand Trunk Pacific, that the Canadian Pacific Railway had dropped out of existence, or had become a formal institution. Our great national road becomes suddenly transformed into "very small potatoes." The Commercial is not without belief in sentiment. Sentiment has played an important part in building up nations. We believe in the future of Canada and favor a progressive policy in the development of our national resources. In this Grand Trunk Pacific business, however, it seems that an exuberance of sentimentality is being used to cloud the matter and draw attention from the bad features of the measure.

In the west there has been a rapidly growing feeling in favor of a government railway. Those who favor such a road must have received a rude shock when Premier Laurier made his pro-sentimental public statement regarding a government road, the adoption of this plan will actually shelve the question of a government road for 50 years. For 50 years after the completion of this road there will be absolutely no hope of securing a government railway. The Dominion will have presented a road built by the people's money will be controlled absolutely and entirely by a corporation for 50 years. For that period at least there will be no relief from the exactions of railway corporations. The Dominion will have practically no more control over the road than the Province of Manitoba has over the Canadian Northern Railway. It will simply be a corporation road while it is controlled and operated by the people. Why should there be no objection to another corporation road? It is just as well that the public should understand the question and know that

this scheme, which is masquerading before he people as a government road, could not be greater property be termed "a measure of the people's money" as a government railway in Canada for 50 years."

While the adoption of this measure will effectively destroy any hope for a great government railway in Canada for half a century, it will at the same time ruinously affect the government road now in existence. Mr. Blair is undoubtedly right in declaring that it will ruin the Intercolonial. This road has cost the country an enormous sum—Something like six or seven millions. The construction of another line from Moncton to Quebec (a line which is not a pressing need at the present time) will take away the through traffic from the Intercolonial and reduce it to the status of merely a local road. This government ownership receives a severe blow at both ends from this measure.

THE NEW CURRENCY LAW.

The proposal to increase the volume of Canadian paper currency, secured by a reserve of 25 per cent, from \$20,000,000 to \$30,000,000 has been generally commended by the business community. The first step in the new currency law is absolute safety, and the proposed extension of the limit will leave the Dominion issue of paper currency perfectly safe and sound. Paper currency must be redeemable in gold on demand. But whether it is issued by the Dominion Government or by a solvent bank is not necessary to keep on hand a reserve of gold equal to the amount of currency outstanding. All the outstanding notes will not be presented at once, consequently the necessary reserve retain only sufficient gold to meet the greatest prospective demand, with a wide margin on the other side. The issuing of paper currency is consequently profitable in itself, whether it is done by the government or a banking institution. It virtually creates money to lend on demand, and a banking notes pass from hand to hand in ordinary commercial transaction, although the amount of gold held is greater than the amount actually in circulation. The man who parts with his goods for a bank note, and the bank note the bank could redeem all its notes on demand if suddenly called upon to do so. He also knows that no such call will be made, and that while there is not provision for the redemption of all notes, there is abundant surety that his will be redeemed if he asks for the gold. In the business of the Dominion Government is to issue a new way, gold, dollar for dollar, for the redemption of all notes issued there would be no profit on the issue in itself. The idle gold might as well be used thus saving the cost of the intervention of paper currency. The Dominion Government issues notes to the extent of \$20,000,000, but retaining only 25 per cent, or \$5,000,000 for their redemption. Of this reserve not less than three-fifths must be in gold, and the remainder in bonds. The present reserve is three or four millions in excess of the requirement. Notes issued in excess of this amount are for convenience only, and gold must be retained for the redemption. That unprofitable issue is now nearly \$18,000,000, the deficiency of bonds is \$1,000,000, an additional volume of Dominion currency is necessary. This paper currency is kept outstanding in circulation by law which requires the chartered banks to keep not less than 40 per cent, of their reserves in Dominion currency, and an expansion of business consequently creates a proportionate demand for these notes by the banks, and requiring the banks to hold them is a guarantee. The presentation for the redemption at the office of the Receiver-General. But for that law the banks, naturally desiring to increase their own notes, would return all Dominion notes to the treasury and force them out of circulation. The gold, silver, and platinum, are held as bank reserves, and the ones and twos are kept in circulation by the restriction preventing the

banks from issuing notes of a smaller denomination than five dollars. Mr. Fleming's new issue of the limit issued against a \$30,000,000. This will lessen the gold reserve of the Dominion by \$1,500,000, the \$10,000,000 formerly secured, dollar for dollar, in gold, will now be secured by \$2,500,000 in gold and bonds. The \$7,500,000 released will be set aside as a gold reserve. The banks will have some savings bank deposits, which warrant a more liberally large to have a change has been made possible and advanced in the great expansion in Canadian industry in Toronto Globe.

THE RECURRENCE OF PANICS.

Wall Street Journal: There is no doubt that the theory of the regular recurrence of panics has no firm a hold upon the minds of many business men as in no small degree to control their policy. A reference to this subject in these columns a day or two ago brought to us a letter from a Wall Street banker. He says that the 1873 and 1893 panic periods were analogically parallel. The 1873 panic began in 1870, and the 1893 panic began in 1890, which were in both cases the first of the year. The 1873 panic, from 1876 to 1882 was paralleled by the boom years from 1880 to 1892. The first of these booms began in 1882, and culminated in the panic of 1893. The idea conveyed is that we are now in a similar cycle in the present boom. The theory is interesting, though not business is interesting, though not business is interesting. There has been in this country in the past few years a great commercial panic that has involved the whole nation in more or less distress. There were panics in 1818, in 1837, in 1857, in 1873, and in 1893. Moreover, there have been panics in the United States in 1818, 1837, 1857, and 1893. In 1882 and 1881 there were such years of reaction. Those who place implicit faith in the theory of the recurrence of panics, claim that 1903, being ten years after the panic of 1893, and four years after the year of extraordinary expansion is naturally a year of reaction like that, for instance, of 1884.

That there is much in recent experience to justify this theory, in our view, there can be no doubt. In fact there are several things to be said on this point. In the first place, as we pointed out a few days ago, the present liquidation in the stock market does not appear to us to be accompanied by no corresponding depression in trade and industry. In the second place, there are many persons taking a broad view of the financial situation, claim that the experience of the past are now safe guides in any forecast of the future. This country has undergone a wonderful change in the last ten years. It is not to be judged by the same standards that could be used as lines of measurement in former years. It has outgrown the weaknesses and inexperience incident to its infancy. It has become a great power in its own right. It has been our growth in financial power, so that it is no longer a dependent and a debtor nation. We are greatly here we learned to appreciate our own strength. There are many who believe that the present depression and records of the past no longer apply to the present. In the third place, it is necessary, they say, to sustain the position we have gained and maintain it. It is necessary, they say, that as our leaders, the captains of industry, as we have named them, shall continue to lead the nation in the future, the same courage, intelligence and enterprise which have worked their way through the past, must be maintained in any consideration of the situation as it is now unfolding, it is well to keep in mind the fact that the conditions which may modify greatly our faith in the theory of the regular recurrence of panics.

The Canadian Paper Company commenced building the pulp mill at Windsor Mills, Que. The pulp mill at Windsor Mills, Que. The amount of anthracite coal mined this year in the State of New York is estimated that of any other season in the history of the trade. Orders from consumers of anthracite coal are running quite large enough to take care of all the output. It is said that so far shipments of coal to Great Britain are light. The stock at Duluth is particularly light.