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CONTENTS.

	Page.
Financial Review	539
The Bank Statement	540
Mr. Chamberlain's Campaign	541
Industrial Problems	541
Life Assurance	542
The Root of the Trouble	542
A New Forestation Policy	543
The Farmer-Storekeeper	543
The Canadian Manufacturers' Excursion	544
Wheat in Winnipeg	545
The Apple Crop	545
Ontario Manufacturing Towns	545
Correspondence (Anglo-American Friendship)	546
Canadian Life Officers Association	546
Commercial Bank of Manitoba	546

FINANCIAL REVIEW.

It is quite apparent that the business of moving the crops, at any rate, is not proceeding as actively as it was last year or even the year previous. The increase in the circulation during the month of September is an infallible indication of the activity with which the movement of the crop is being carried on. Now last year the increase during September was \$5,930,000, while this year it is only \$3,327,000. Even in 1901 the increase was \$4,675,000, and we must go back to the year 1900 to get so small an increase as we find in the present year. The large decrease of course is in the Northwest, and although as we have before opined the total value of the crop of all kinds may for the whole year be fully equal to the amount realized last year, the trade has not commenced with the same activity. For one reason the variations in the quality of the crop are very marked, making it more difficult to conduct the actual buying and selling of the wheat satisfactorily. Then the price is considerably higher, a very satisfactory thing for the grower, but not so satisfactory for the merchant, for when the price is higher there is room for a fall. The quantity of wheat shipped out of the country by the Canadian Pacific Railway is several millions less than

the figures of last year. Still the trade will go on, the crop will be moved and its results will be reached, although it may proceed more gradually through the various months of the year.

Deposits, however, still go on increasing with remarkable steadiness, the increase this month over last being no less than \$7,700,000. The total deposits of the banks now amount to \$439,000,000, which is an increase of no less than \$30,000,000 for the year, and of \$73,000,000 since September, 1901. Indeed if we go back only as far as the month of February, 1901, we shall find the astonishing increase of \$100,000,000 in the bank deposits during the last two years and a half. During the same period the increase in money placed in the savings banks of various kinds amounted to \$12,000,000; this is in addition to the former figures. The total deposits of the country in the chartered banks, Government savings banks, and other savings banks, amount to no less than \$543,000,000. When the figure of £100,000,000 sterling for the whole country was reached some years ago, we thought it possible that any subsequent increase might be at a smaller ratio, and slow. But instead of that it has proceeded faster than ever, and is now nearly \$60,000,000 above the £100,000,000. The country is evidently increasing its available wealth at a very rapid rate. This, however, is no reason why there may not be a set-back or reverse at some future time, and that perhaps at no distant date. There are signs already of reaction in the United States; reaction that is in some great lines of industry, and the profit of manufacturing enterprises, and if this reaction proceeds and develops into a course of steady depression it will almost certainly extend to Canada within a year afterwards.

To what extent depression may reach, will all depend upon monetary conditions. Indeed, all commercial depressions finally resolve themselves, so far as their intensity is concerned, into scarcity of money. Now, scarcity of money, or otherwise, is dependent very largely on the amount of production, and the saleableness of what is produced. The United States and Canada are both in the satisfactory position with regard to their chief productions that the articles produced are in universal demand. A manufacturer may produce goods which he cannot sell; but what a farmer produces is always saleable. The great crops of wheat, corn, and cotton are universally in demand. No farmer or wheat merchant need be afraid that he cannot sell at some price the staple produce he raises. The same may be said of dairy products and cattle; still more of gold. So long, therefore, as these great staple productions of Canada and the United States continue to be abundant, money cannot be scarce; unless, indeed, there is a wild outbreak of extravagance in the way of importing goods on credit, which extravagance will result in such a demand for money as will offset the advantage of abundant crops. This, however, is a very unlikely contingency.

Following out these conclusions it may be assumed as certain that money will continue to be abundant for trade purposes, at any rate, until the next harvest. And in Canada, at any rate, there is likely to be a continuance of business activity from