

## The Business Situation.

Several events have happened in the business world during the month which are worth more than a passing mention. First is the strike, concerning which we have said something in another place. Then a series of important failures have occurred, both in and outside Wall street. Many are saying, the crops are abundant, the farmers will have plenty of money, the railroads will do a large business, therefore our future prosperity is assured. But one very important element is omitted in the calculation which the recent failures among merchants clearly brings to light. It is, that traders are indebted, no one knows how heavily, and are to an unknown extent in such a situation that they must sell in order to raise money to pay their obligations. The recent leather failures show this very plainly. When a trade is in this condition, no matter what other conditions exist, prosperity cannot reasonably be predicted of it. The seller is not master of the situation, on the other hand, he has lost his control; the common saying is, he has lost his grip, and as long as it is lost there can be no certain prosperity. The selling class who are obliged to sell, make prices which are not governed by the cost of production, nor by the ordinary supply and demand, nor by any other fact than that of the necessity of the seller. This is at present one of the unpleasant features of the situation. There is evidently a very strong desire to push off many kinds of goods, the auctions, the dating of bills a long way ahead, selling on memorandum, and other devices known to the different trades—these are evidences of the anxiety of sellers to realize, and in many cases of their necessity. How great may be the necessity of course cannot be predicted; but so long as buyers have so full control over the market as they have at present there can be no strong feeling of confidence in the future.

Now, with good crops, a large business for transportation companies, which means also their having abundant means to maintain the efficiency of transportation facilities, why are sellers so anxious to part with their merchandise? Why do they put themselves so completely in the hands of buyers?

Two answers may be given; first, that production outruns the present capacity to consume; and secondly, that many are in such a situation as to necessitate selling, in order to get money to pay their debts. So far as the recent failures will relieve the market of persons who were obliged to sell, trade will doubtless be benefitted, because those who are independent will then be able to control prices in a larger degree than of late they have been able to do. Whenever buyers have full swing trade is in a bad way; and it is reasonable to believe that the recent failures, by relieving the market of weak houses, who made prices and kept them ruinously low, will have the effect of putting trade more completely in the control of stronger hands who will render it remunerative to all concerned.

The failure of stock speculators has quite a different effect. The evil consequences are not so widespread or important. They form a class by themselves, and the more perfectly separated

they are from other people the better. It may be said, however, that great as has been the decline in stocks, there is no reason why the prices of many should not fall much lower. By no facts or argument can it be shown that Erie, or Reading, or many other non-dividend-paying stocks which might be mentioned, are worth a fig, and the sooner they are all sunk out of sight the better. So long as a purely artificial value is given to them, so long do they injure in many ways the entire list of sound stocks. Of course, this ought not to be so, but it is the fact. The "liquidation," of which we are hearing so much just now, ought to continue until all the non-dividend-paying stocks, or which are never likely to pay, are liquidated out of existence, and then persons would have more confidence in buying, prices would rise, and a more hopeful feeling would generally prevail. Nothing is more certain than that while tares are mixed with wheat in the stock list, the price of the wheat will be much less than would be the case were the tares extracted and burned.—*Banker's Magazine for September.*

## A Great Canadian Land Company.

The first annual meeting was held in London, in June last, Lord Elphinstone in the chair, of a company organized in England under the name of the Canadian North-west Land Company, for the purchase of five million acres of land from the Canadian Pacific Railway Company, of which one and a-half million acres have been decided. The sales by the Land Company, which commenced only last November, had amounted, to March 31, 1883, to 65,621 acres, at an average price of six dollars per acre, having been bought at \$2 25 per acre. The sales after March 31, known at the time of the meeting, had amounted to 28,134 acres, at an average of eight dollars. The capital of the Company raised and to be raised by calls upon shareholders will be \$7,500,000, and the remainder needed to complete its 5,000,000 acre purchase will be raised by debentures. A dividend of five and a-half per cent was declared on the business done to March 31, 1883. Its lands, selected and to be selected, are partly on or near the main line of the Canadian Pacific Road, but a large body was selected away from that road, to the southwest of Winnipeg, and not far north of Minnesota.

The meeting in London of the English proprietary was very enthusiastic, and could not well be otherwise under the influence of the buoyant and inspiring views of the value of its property which were presented by Lord Elphinstone and other managers, and which were confirmed by the sales so far actually made. The general fertility of the lands in the Northwestern territories of Canada, the rapid progress of the main line and branches of the Canadian Pacific Railway, and the magnitude of the immigration, which were of course dwelt upon, are familiar to the American public. The special points insisted upon by Lord Elphinstone were the character of the immigration, consisting largely of persons from the older parts of Canada, and therefore accustomed to a cold climate, and the methods of agriculture required by such a climate, and the probability, and as he

thought, certainty of an early overflow into the Canadian North-west of people from Minnesota and Dakota. This latter part of the observations of Lord Elphinstone will be calculated to lead persons in the United States to think that he is influenced too much by his hopes and wishes. The impression here would be that it must be a long time before there would be any surplus population in the United States to be attracted to Northwestern Canada as purchasers of farming land at six and eight dollars an acre.

One of the speakers at the meeting, a director of the company and a resident of Canada, Hon. Donald A. Smith, said that the wheat raised "in Manitoba and in the Northwest of Manitoba" was so much better in quality than wheat "grown further south," as to be "worth eight, twelve, and even fifteen cents more per bushel," and that this would go "a very long way to pay for the additional carriage over the railway." This must be an exaggeration of the superior value of Manitoba wheat, measure for measure, or weight for weight, if indeed it possesses any, as compared with the spring wheats of Minnesota and Dakota, or with the fall wheats of Missouri and Iowa.

The progress of the settlement of the Canadian North-west will be watched by the world with great interest. Without doubt it is capable of sustaining, and will ultimately attract, a great population; but the progress in settling it up is not likely to be steady, but rather subject to marked interruptions. It is subject to droughts in the southern and eastern parts of it, and there will be failures of crops, which are overwhelming disasters in regions devoted exclusively to agriculture, and must cause discouragements and temporary changes in the currents of migration. There will be times when land will go down in price, and when individuals and companies speculating in them will be making losses instead of gains. The prosperity of that country will be more assured and more stable when its industries are diversified by mining and manufacturing, for which it has many natural advantages.

The special and immediate attraction of the Canadian Northwest being its capacity to raise wheat cheaply and abundantly, it is a circumstance unfavorable to its rapid prosperity that the price of that cereal is likely to be low for a considerable period to come. The great reduction in the charges and in the actual cost of land and sea transportation bring the most distant regions within an economically practicable reach of western Europe, which is the principal market. India is preparing and is now known to have the capacity to become a large supplier, while the areas of production are being greatly widened in the United States, and to a less degree in Russia, by new railroads. There are enormous regions in Australia and South America, lacking nothing except population, which they are rapidly attaining, to enable them to produce wheat indefinitely. Of the innumerable predictions made by Bright and Cobden when they were urging the repeal of the British corn laws, the one commonly spoken of as having been the most completely falsified by the event was that of Cobden, that if England would only adopt free trade the whole world would at once follow its example. But, in truth, Bright