

The Commercial

WINNIPEG, AUGUST 8, 1896.

THE SITUATION IN THE UNITED STATES.

The Populist party in the United States, as was expected, has endorsed the nomination of Bryan for the presidency. They refused, however, to endorse the Democratic nominee for vice-president, and nominated a candidate of their own for the second position. This gives the Chicago Democratic nominee for president the support of the Populists.

The gold Democrats are still talking of holding a convention to nominate candidates, but no doubt a strong effort will be made to unite the gold Democrats with the Republicans. The difficulty in the way of the latter move is the tariff policy of the Republican party. The gold Democrats are also tariff reformers and opposed to McKinleyism in tariff matters.

Altogether the situation is sadly mixed, and what the outcome may be is a very grave matter. If the Republicans would make some concessions on the tariff question, they could probably effect a junction with the gold Democrats. It is a strange picture, anyway, which the political situation in the United States presents at the present time. We see a sound money policy combined with extreme protectionist views, and on the other hand a rational tariff policy associated with a wild-cat financial platform. A strange mixture this to be sure.

The people of the United States have long hugged an economic delusion in their tariff policy. They have been long trained to unsound theories of political economy, and this free silver craze is the natural evolution, on the declining plane, of the vicious tariff policy long followed by the United States. The marvel is, that the party which fought for tariff reform, should be the first to be overcome by the new delusion.

The situation is certainly one of great mistrust for the future. The present movement is nothing less than a revolution against the honor and integrity of the country. Its aim is repudiation. Some of the British papers have gone so far as to predict civil war as an outcome of the free silver movement. This is perhaps taking a very serious view of the case, but scarcely more serious than is taken by some of the leading papers in the United States, as witness the following excerpt from an article in the Minneapolis Northwestern Miller on the free silver question. The Miller says:

It is now merely a question of the preservation of the government of the United States, threatened by an enemy who attacks it by ballot first, being perfectly willing to follow with the bullet, if the occasion demands; or, rather, having tried the bullet and failed, seeks the ballot for success.

While we hope for the best, the situation is one fraught with grave danger. A spirit of insurrection against the existing order of things seems largely to prevail, and it is hard to say to what extremes it may go. The industrial element is on the move, and

the agricultural interest of the West and South, oppressed by low prices, monopolies, trusts and tariff taxation, is ready to join in any movement, with a vague hope of bringing a change for the better. With such a strange mixture of sound and unsound economic theories, and with commercial and industrial conditions favorable to an upheaval among the people, it seems by no means certain that the sound money people will be able to carry the day in the coming political contest. What triumphant free silver would mean is hard to predict, but the tendency would be in the direction of further excesses for a time at least, rather than toward a return to industrial and commercial peace and stable government. How far unsound theories of political economy, which have been encouraged so much in the United States in the past, are accountable for the present dangerous situation will never be known.

OPTION TRADING.

Gambling in products, otherwise known as option trading, is a matter which has attracted much attention of late. While many staple products, such as sugar, coffee, wool, pork, etc., are subjects for option trading, there is no commodity which serves for this purpose to such an extent as wheat. Many people can be found who attribute the low price of wheat in late years to option trading, and more or less agitation has been going on for some years in favor of the legal suppression of option trading of any class.

In the United States efforts have been made, heretofore unsuccessful, to secure the passing of prohibitory laws. In Great Britain a movement is now being worked up with the same object in view. In Germany the opponents of option trading have been more successful. A law has been passed in that country which will come into force on the 1st of January next, which prevents option trading in wheat and millers' produce.

It is worthy of note in this connection that option trading is a German invention. The business, if it may be called such, was first started in Berlin, and it has become widespread within the past twenty years. Chicago, New York, Liverpool and London are the greatest seats of gambling of this class, but the evil, for such it undoubtedly is, is not confined to these and other large commercial centres. The baneful influence of option trading reaches even to small towns, and many a business failure in remote country towns could be traced to this pernicious practice.

The claim that option trading is responsible for the low price of wheat in recent years is of course an overdrawn picture. At times this class of speculative trading has no doubt had the effect of lowering prices. At other times it has assisted in advancing prices. Only the extremists in opposition to the system go so far as to attribute the low price of products to option trading. There are two sides to the option market, the one working against the other, and influencing prices either up or down, as the case may be, though possibly the greater influence may be in favor of lower prices in the aggregate. There are other causes for the low price of

wheat, of greater importance than option trading.

It is not necessary to search for proof that gambling in products is the cause of low prices to find reason for condemning the practice. Even if this charge were perfectly clear, there are other and better reasons for condemning this class of gambling. Gambling is generally recognized as an evil from the commercial as well as from the moral point of view. Option trading is simply a form of gambling which is very largely indulged in at the present day. Therefore option trading can be condemned on the broad ground that as a form of gambling it is an evil. All that can be said against gambling in general can be applied to option trading, and it is therefore not necessary to follow the matter up any further on this line.

Another very apparent evil as a result of option trading is the rapid and frequent fluctuations in the price of staple commodities. Why should the price of wheat vary daily from a fraction of a cent to one, two, three, and in extreme cases to even five or more cents per bushel? There is no legitimate reason why this should be the case. It is due mainly to illegitimate speculation in the commodity. This rapid fluctuation in values of such an important commodity as wheat, is a source of inconvenience, to say the least, to a great many. It is an annoyance to the grain man, a source of mistrust and often of loss to the miller, and a cause of bewilderment to the farmer who produces the product.

Here are two good reasons for condemning option trading, aside from the claim that it reduces prices to an unprofitable price for the producer. Option trading is further an unnecessary adjunct to legitimate business. It frequently leads to the manipulation of the markets, which is always an injury to legitimate business. It creates an artificial condition of the market and leads to continuous kaleidoscopic changes which are bewildering to legitimate traders. It destroys that confidence in the market which would be felt were prices not subject to continual manipulation and fictitious trading.

Without this gambling element, changes in prices would be comparatively of infrequent occurrence, and there would be a feeling of confidence in legitimate business circles which cannot now be realized. Open to constant manipulation, and under the influence of the wildest outbursts of the gambling spirit, the price of wheat is never certain for an hour ahead. Thus legitimate traders in those commodities which are subject to the influences of option trading, are kept in a constant state of anxiety. Though they may not engage in option gambling themselves, they are forced unwillingly to submit to the unnatural excitement of the gambling spirit thus let loose. It opens avenues for the formation of combines or syndicates for the purpose of manipulating the markets. It is a menace to the public, because it encourages the gambling spirit, leads thousands of men in other lines of business to dabble in the option market, often bringing losses upon themselves, causing numerous business failures and finally resulting in heavy losses to the creditors of those who have become ensnared by the option fiend.