

The Commercial

WINNIPEG, MARCH 27, 1883

BOLSTERING PRICES.

Early in February a committee of the iron producers of the United States met at Pittsburg, Pa., at which great fears were expressed that a period of stagnation was unavoidable. As in most trade complications a determination to honestly accept the situation was the last thing to be entertained, and a search for some temporary, or rather artificial means of tiding over the threatened period was resorted to. Bolstering of prices by a system of shortening production, was the method adopted, and with what results, it will not require a year of time to demonstrate.

The method of bolstering the iron trade seems to have had an epidemic effect and has rapidly spread into other branches of industry all of which we need not enumerate. Probably the most glaring instance is that of the lumber trade of the North-western States. A convention of lumbermen which met at Chicago on the 12th of the present month decided that a shortening in the lumber cut of the coming season of at least 20 per cent from that of last year was an absolute necessity in order to maintain present prices, and a thought of reducing these seems not to have entered the minds of those present.

Even in this system of bolstering prices by checking the natural law of supply and demand, there may be in some instances a seeming argument in favor of such a course, and if it exists anywhere, it is in connection with the United States iron trade. The overproduction which has been going on for the last two years, which even great reductions in prices seem unable to check lends a coloring to this theory. In connection with the lumber trade, however, it is totally different. There is no slacking up in the demand throughout the North-west, but on the other hand rather a steady increase, and the threatened fall in prices is purely the out-come of an unnecessary overproduction.

Both the Canadian and United States governments have distributed the timber of both countries among those, who have with scarcely an exception, become immensely wealthy thereby, and as a natur-

al consequence, there has been a rush into the lumber business, with the result of overproduction even in the face of a rapidly increasing demand.

But this bolstering of lumber prices is not confined to the North-western States as the non-manufacturing dealers of Manitoba are aware. More than one of these has discovered that the lumbermen of the Georgian Bay district have made careful calculations upon the opening of the Thunder Bay route to Manitoba, and have their prices doctored, so as to take full advantage of the reduction of freights to the North-west, which the same will doubtless inaugurate. Looking therefore to Lake Superior or south of the International Boundary Line, there seems a solid combination for the purpose of extracting the last dollar from the lumber consumers of the Canadian Prairie Land. Nor can any better state of affairs be looked for from the lumber regions of the North-west. The ring seems perfect, and invulnerable at every point so to speak. The only hope comes from some quiet mutterings which have recently been heard on this side of the Boundary Line to the effect, that if American lumbermen attempt to cut prices, they will get more than they want of cutting. How much value is to be placed upon this threat, it would be difficult to estimate, but this much is certain, that if the Americans decide upon cutting, the threat will not deter them very much.

The general shrinkage in values which has been going on over this continent for some months, must and will reach the lumber trade, and as producers of the same are, as a rule, a government favored class, they have less reason than most others for exemption from the general drift of trade, and are less entitled to public sympathy, even if the shrinkage in their case is a severe one. The true friends of commerce and industry, especially in the Canadian North-west can scarcely refrain from wishing for the threatened strife above mentioned, by which the general public must assuredly be the gainers, even if they are compelled to account for the gain by quoting the old proverb "when rogues fall out, honest men get their own."

INSOLVENCIES OF THE YEAR.

With the close of the present week the first quarter of 1883 will be completed,

and it is but prudent to take a fair view of the record of commercial disasters in the North-west for that period. At first sight this looks anything but encouraging, especially when we look at the large number of insolvencies. Fifty concerns have gone to the wall during the three months, which is thirty-two in excess of the whole number for the year 1882. This gives a clear index to the trying time the commercial circles of the country have passed through, and still when we consider the rapid shrinkage from a period of inflation in every branch of business to a rock-bottom state, the figures cannot surprise any who carefully studies commercial affairs.

There are, however, some encouraging features even in this record of misfortune. The liabilities of the fifty insolvents aggregate close to \$450,000, while the estimated assets reach about \$500,000, a comparison which confirms the growing impression that many of the unfortunate parties could have, with an extension of time, pulled through eventually. Then there is the fact that a very large proportion of the failures were of men in a very small way, and in fact parties who never should have been in business at all. There has evidently been a severe purging process carried out, and it is only natural that in such a work more or less indiscrimination should have occurred.

The comparative magnitude of the liabilities in the different cases, and of the two periods gives also a hopeful coloring to the record of the past quarter. The twenty-eight insolvencies of 1882 showed liabilities of \$290,000, and assets of \$213,000, leaving a discrepancy of \$69,100; while the fifty of the past quarter show a surplus of assets over liabilities amounting to \$50,000. The liabilities of 1882 show an average of \$10,356 to each insolvent, while those of the past three months show only \$9,000. Nearly one half of the insolvencies of the last quarter show liabilities of less than \$5,000, while the heavier cases all show assets about equal and in some instances considerably larger than liabilities, the highest case showing liabilities of about \$70,000 and assets of about \$90,000.

Taking the insolvency record of the last quarter altogether, it should rather inspire than discourage business men in the North-west, and it certainly shows a record of misfortune and not of rottenness.