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## THE UPS AND DOWNS OF THE LUMBER TRADE.

The periodical crisis in the lumber trade have all been referable to one cause—over production—and it does seem as if the lessons of past disaster were incapable of producing prudence. It is of course difficult to adjust the supply to the demand with great nicety. The demand is far from uniform, and the causes that will increase or diminish it cannot always be easily foreseen. In 1845, the quantity brought to market was 27,702,344 feet, and the quantity exported 24,223,000 feet. When allowance is made for local consumption the discrepancy may be considered moderate. But in the very next year production increased enormously, and the quantity taken to the Quebec market alone reached 37,300,643 feet, while the quantity exported was only 24,242,689 feet. Besides what went to Quebec many millions of feet were allowed to remain in the woods. The over-production was of course great enough to produce ruinous effects. But, as has always happened since, the over-production of one year did not prevent the folly being repeated the next and the next. In 1847 there was a total supply in the market of 44,927,253 feet of square timber to meet a demand of only 19,060,880 feet. Next year the surplus was in nearly the same proportion, there being a total supply of 39,447,776 feet against a demand of only 17,402,360.

These figures show a strange but not unaccountable infatuation. Where the actuating motives are as strong as the hope of competence and the fear of ruin nothing that men do is unaccountable. But it is strange that the prudence of a whole class of producers should be reduced to zero for a series of years together. The subsequent crises in the lumber trade have each been attended by a similar condition of things. It would be very helpful to bankers if their memories were tenacious enough to retain the leading facts connected with the ups and downs of commerce for the period of a generation. In

such cases experience is the best teacher; and if she be not allowed to teach useful lessons in future the fault will lie heavily at the doors of those who reject her prophetic warnings. What has happened again and again, in the lumber trade, is as sure to be repeated as the sun is to rise. There will spring up a large demand for the productions of the forest; the lumber trade will grow prosperous once more; over-production will follow, bringing in its train another collapse. The theory that accords ten years to the cycle may be more or less fanciful, and it is certainly new; but that it contains an element of truth every one's observation tells him. Two generations ago the cycle took a longer time to complete, and it was usual then to assume it to be fifteen years. But whatever the time, the same laws were producing the same phenomena. We move faster now, when steam has been harnessed to the wheels of commerce; and it is not surprising if we find reduced to ten years the completion of a chain of causes and effects which, in the days of our grandfathers, consumed fifteen years.

The disasters of the last crisis in the lumber trade are coming to an end through liquidation. The day of reckoning has been too long delayed; and the prolongation of the crisis has greatly increased its intensity. Take an example from the figures we have given in illustration of the operation of one of the earlier, but by no means the earliest of the crises through which the timber trade has passed. In 1845, a tendency to an accumulation of stocks was discernable; no great evil had been produced, but there was enough to act as a note of warning. Instead of profiting by the hint, men rushed madly into the folly of over production in every one of the next three succeeding years. For several years past, after an interval of thirty years, the same folly has been repeated, in exactly the same way, in spite of additional lessons of prudence which had in the meantime been more than once taught, by disastrous failures. We must now be near the end of this last crisis, and the sooner it is completed by the necessary liquidation the better for all concerned. In a year or two perhaps the lumber trade may have entered on a new career of prosperity, to be followed by inflation and final collapse, all of which are sure to come in a greater or less degree.

The lumber trade is one to which no artificial stimulus can safely be applied. We think it would be found on examination that there has frequently been a connection between undue speculation in timber limits and over-production. Lumbering

operations imply heavy bank credits; and when these are extended so as to favor over-production during a number of consecutive years, they are certainly misapplied. One difficulty is the want of courage to face the first loss, and the result is that the amount is in the end greatly increased. If the several causes of the losses sustained by the banks during a long period were collected, arranged and classified, the information would be very valuable for future guidance. Even now there is no general disposition among lumberers to cut down the supply and adjust it to the demand. Very recently lumberers in New Brunswick, who were building new mills, admitted that the business could not be carried on at a profit. Whenever a number of lumberers come together each urges the other to curtail production; but no one intends to act on the advice of which he so liberally makes a present. For three years past, the banks alone have had it in their power to stop the folly of over-production; for without the credit which they extend to this branch of business the collapse would have been complete long ago.

## FAILURES IN THE STATES AND CANADA.

Hopes and predictions of improving trade in the United States, of increased safety in giving credit, and a lessening of the gloomy total of insolvencies for the past few years, are suddenly dispersed by the figures of Messrs. Dun, Barlow & Co.'s circular for the first half of 1878. The following table will show the number and amount of the failures in the States from January to June of the present year, inclusive, and their relation to the failures of the same period in former years:

United States.	No. of Failures.	Am't of Liabilities.	Average Liab's
First six months in 1875	3,568	\$76,844,296	\$21,567
First six months in 1876	4,800	108,415,429	23,568
First six months in 1877	4,749	99,806,171	20,974
First six months in 1878	5,825	130,632,766	22,460

The number of failures for the half year just closed is thus shown to be over twenty-five per cent. greater than in 1877, while the liabilities show a proportionate increase still greater.

Never before in that country, says the circular, have business misfortunes been so numerous, or the amount of loss by bad debts been so great in one half year. But, before accepting these statistics as a true test of the present condition of business, some considerations are urged in mitigation of the unfavorable conclusion about the state of trade, which would otherwise be inevitable. These are: