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July 4, 1872.

## THE MONETARY TIMES, AND TRADE REVIEW.

TORONTO, CAN. FRIDAY, AUG. 30, 1872.

### LESSONS OF THE CHICAGO WHEAT "CORNER."

The sudden collapse of the Chicago wheat "corner" is a "nine day's wonder" among the produce trade, and does much to dispel the *ennui* and relieve the tedium of the sultry, do-nothing season just about passed. The effort by the cornering operators to "make a spoon or spoil a horn" has been entirely successful, the latter feat having been accomplished in true sensational style. As an illustration of the "ups and downs" of life these speculators have contributed a valuable chapter to the previously existing records of business experience; the transition must however, have been rather violent and well calculated to shock the nerves of anyone less accustomed to Dame Fortune's jilts than professional speculators, "scalpers" and curbstome "merchants" are understood to be. From being the "heavy man" on 'Change whose very wink contains the clue to money-making; with banks and a host of confiding but subsidiary operators at one's back all of whom think "he knows"—to descend from such a commanding plateau and stand side by side with the poor wretch who begs his creditors to take two shillings instead of the five, which they insist upon, in order that he may retain a pittance for his family—to make such a descent in one week, perhaps one day, is a kind of financial vaulting which puts to shame the professional acrobat of the circus.

But these gamblers and forestallers have

done more than create a mere sensation. If in attempting to climb so dangerously high a greased pole they have fallen to the ground with fatal force, the fact is not only interesting at the moment but may be made useful and instructive. We believe it may be laid down as a correct inference that the average life (the business career) of a grain operator is about ten years. This conclusion we draw from observation and from classified facts bearing on the subject. Let any one who has been conversant with grain operations and grain operators for a period of years tell over the numbers who have "dropped out" or disappeared from any cause, and see how many there are who have out-lived ten years. It must be understood, of course, that we make no reference to that quiet, steady-going and respectable class who operate strictly on commission, and who never imperil their means to a dangerous extent by exposing them to the ever recurring reverses of the market. That the grain speculator will sooner or later succumb to accumulated losses, seems almost as certain as the dire summons of the Grim Monster itself. With this fact written in plain characters on the rolls of the past, one might suppose that few would cast themselves into such an engulfing maelstrom: but the fact is otherwise. No branch of trade perhaps is so uncomfortably overcrowded. One reason for this is the fascination of the business. To many minds of a certain class the handling of piles of money, drawing large cheques, buying and selling by thousands, communicates a sublime satisfaction which would scarcely be surpassed in intensity by the possession of actual riches in their own right. Then there is that ever possible chance, always in near prospect of realization, of accumulating a vast amount by a series of profitable ventures; and next, the persons on whom these influences operate with greatest force are of the impetuous class "who never are but always *to be blessed*." Ill success at any legitimate industrial occupation is in their view no bar to fortune in a field where their uncommon penetration and astuteness are permitted to have free scope. It is particularly unfortunate for this class, unfortunate for solid and solvent men concerned in the trade, and unfortunate for society that the banks are commonly willing and ready to take these adventurers by the hand and bid them God-speed in the road to destruction. But such is the fact. Who supported the Chicago "ring" from first to last? the banks. Who are accessories to the ruin of Lyon, his guilty confederates, and his innocent creditors? the banks. Who have given

vitality to all the "rings," "corners," and conspiracies that disgrace the annals of modern trade? the banks. Who are at the bottom of these base attempts to forestall the bread market and force up prices needlessly upon the consumer? the banks. The banks are too much like that whimsical Quaker whose peace principles would not allow him to aim and fire the cannon, but who had no objection to passing along the balls and powder. When the banks supply the ammunition and the speculators fire it off, who is responsible for the killed and wounded?

The "middleman" is a necessary part of the machinery by which our trade operations are carried forward. His is a legitimate and indispensable office. The producer and consumer can deal much more satisfactorily and profitably through him than without him. There is an inherent risk in the transportation of produce which somebody must carry, and this fact renders the business liable to numerous mischances. But however surprising may be the fatality which is attendant upon middlemen as a class, the great bulk of consumers and producers are not seriously affected; they are usually neither the richer nor the poorer. The banks take care of themselves, since they always know first what is coming, and the brunt of the blow falls upon the original transgressor. We have said that society is neither the richer nor the poorer on account of the rapid mortality amongst middlemen. There is a loss in this respect; that great numbers—the large majority of those who try this means of obtaining wealth—should be profitably employed in productive industry. Their time, their energies are all lost, and in very many instances the burden of their support and maintenance falls upon other classes in the shape of losses suffered at their hands.

It is worthy of notice in connection with the Chicago "ring" that its operations received material assistance from dishonest warehousemen, a kind of aid usually invoked in such cases. The burning of one elevator, that of Hugh Maher, was the means that led to his detection. He had given receipts for about 100,000 bushels more grain than his elevator actually contained. It is easy to see that where large quantities of grain were being daily received and shipped a very moderate amount of skill would suffice to play successfully this game of fraud. Of course this would have the effect of placing the "ring" in possession of a large sum with which to carry out their operations, and to which they were not honestly entitled. That such means should be resorted to in order