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THE FALL IN PRICES IN 1882.

The London *Economist* regards as the most strongly marked commercial feature of the year 1882, the fall in the price of commodities. The following list shows that this decline embraced the great leading staples.

	Dec. '82.	Dec. '81.	Fall.
Wheat (<i>Gazette</i>).....	£ 2 1 6	£ 2 4 4	0 2 10
Sugar (Demerara).....	1 5 0	1 8 6	0 3 6
Coffee (Ceylon).....	3 11 0	3 16 0	0 5 0
Tea (medium Congou).....	0 0 10½	0 1 0	0 0 1½
Cotton (Uplands).....	0 0 5½	0 0 6½	0 0 1
Wool (Leicester).....	9 0 9½	0 11 0	0 0 1½
Flax (St. Petersburg).....	27 0 0	30 0 0	3 0 0
Silk (Canton).....	0 12 6	0 15 0	0 2 6
Jute (good).....	14 10 0	19 0 0	4 10 0
Iron (Scotch Pig).....	2 9 0	2 11 9	0 2 9
" Bars.....	6 0 0	6 15 0	0 15 0
Tin (English).....	4 17 10	5 14 10	17 0 0
Copper (English).....	70 0 0	75 10 0	5 10 0
Lead (English).....	14 5 0	15 12 6	0 17 6

NOTE—The exact rate for cottons in Dec. 1882 was 5 and 13-16ths, and in Dec. 1883, it was 6 and 11-16ths pence.

These figures indicate a tendency in a direction opposite to inflation, and in some cases must represent diminished profits to producers. To a certain extent, the decline in one article tends to balance that in another; but the ratio of decline is not uniform. Many of the great staples are affected: cotton to the extent of more than 13 per cent.

As buyers or sellers, Canadians are affected by the change in price of all these commodities. Except wheat, we are sellers of none them; of the balance of the list we are buyers. In the chief market for the surplus wheat of the world, the price fell last year—after last harvest—and it still remains probably below the average of the year. Of the prospect of the next harvest it would be too soon to speak; but in many parts of Europe, the crop is likely to be more or less damaged. The fall in the price of iron was favorable to railway construction; and in this respect railway companies and contractors were in luck.

It will be important to watch the movement in prices in the near future. Holders of large stocks are liable to lose on a falling market; and to traders a fall of price such as occurred last year means, in most cases, diminished profits, and in some actual loss. The movement in prices, either in an upward or a downward direction, cannot always be foreseen; but everything which experience shows may be taken as a premonition of change requires to be carefully noted by those engaged in commerce. For this purpose a wide range of knowledge and experience is necessary.

Fine-drawn calculations are sometimes made to show how much less currency is necessary to do the same amount of business at different ranges of prices for commodities;

but they are of very little value, since currency plays only an insignificant part in commerce. In retail business it counts for something; but in wholesale for very little.

The direction of the movement of prices is a commercial barometer on which much depends, and which may frequently be consulted with advantage by those chiefly interested. Comparisons of prices at given dates show the rapidity and extent of the movement; and it may make a great deal of difference to a merchant whether he be in a position to avail himself to the fullest extent of a decline, which he can only do when the stock he has on hand is light. Risks of loss from this source are diminished by the rapidity of modern communications; they may be still further reduced by a watchful use of all the means of foresight available, though they can never be got rid of altogether.

THE GRAND TRUNK AND GREAT WESTERN.

The directors of the Grand Trunk railway report very favorably on the effects of the amalgamation with the Great Western. They say it has been marked with a success which must be satisfactory to all connected with the amalgamated company. The gross receipts of the Grand Trunk were, in 1882, £1,334,456, against £1,311,485 in 1881. These figures, however, only bring us down to the 11th August, the 12th being the day when that company assumed control of the Great Western; they prove nothing as to the working of the union. The mileage of the Grand Trunk had been increased from 1,417½ miles on the 31st December, 1881, to 1,480 miles in August last. In December, 1882, a dividend of £3 1s. 5d. per cent. was paid on the first preference stock and of £3 1s. 5d. per cent. on the second preference stock. But this was done by drawing upon a balance of £170,086, brought forward at the end of the previous year. There was an increase in the working expenses from 70.05 to 71.55.

The Great Western accounts do not come down to quite the same date, August 11th. The earnings were not sufficient—the deficiency was £6,082—to meet the dividend of five per cent. on the preference stock, and the difference was made up by other items standing at the credit of the company. Strange to say, the revenue accounts of the Great Western had not, on the 30th December, been made up to the 11th August, and we are consequently without the means of making a comparison of receipts and expenditure at the date of the union. There is, of course, nothing to conceal; but there can be no good reason for the accounts being in this backward state. The accounts, however, do come down to July; and they show a falling off of £59,882; but this cannot be regarded as a probable reason why they were not continued some two weeks later. The earnings for the half year ending with July, were, in 1882, £433,999, against £469,442, in 1881. The passenger traffic had been well sustained, showing an increase of £13,803; while in freight there was a falling off of £59,882, equal to 20½ per cent. Less freight had been carried from the west to the east, and at lower rates. Working expenses showed an increase of one per cent.

Although we are told of the marked success which has attended the amalgamation, opening a new era with improved prospects, we get no details from which to judge of this success, either from the company's or the public point of view. A report comes from England, that the legality of the amalgamation is doubted, and will not improbably be tested in a court of law. In that case, people will be apt to surmise that they see in this movement the Canadian Pacific Railway striking back. Should the legality of the amalgamation be seriously questioned, the intervention of Parliament may be invoked; and in that case, the Grand Trunk, now supposed to be aggressive, may once more be put on its good behavior; experience shows that if it knows how to supplicate, on occasion, it also knows how to bully.

THE UNION IRON WORKS FAILURE.

People are closely scanning the causes of the stoppage of the Union Iron and Steel Works at Chicago. Some say, the Company has not failed but only "shut down;" and that the event must not be looked upon as an ominous sign of the times. One plea—a large expenditure on merchant-bar and wire-drawing "plant"—really means that too much capital has been recently fixed in the concern, and that it has too little floating capital left to work with. During the labor troubles of 1882, the mills were idle for a month; and the unprecedented demand for rails induced a competition which brought down prices beyond the paying point. The concern could no longer be worked at a profit.

This is the special apology for the failure. The weak point in the logic of this statement is that the causes mentioned are more than local. If rails cannot be made at a profit, at present prices, at Chicago the question arises whether the same would not be true of Pittsburg. The mills at the latter place have been exchanging rails for railway bonds, many of which are worthless, and are saleable, if at all, only at a ruinous discount. In this state of matters, it would not be surprising if other failures in the iron trade were to follow.

The import duty on steel rails is \$28 a ton; and it is certainly not for want of protection if the iron and steel industry of the United States is not exceptionally profitable. Whether profits be large or small, the average wages paid in the iron trade are not greater than those received by farm laborers. Must we accept the conclusion that the American iron and steel workers, after all their experience and nursing, cannot compete with Scotch and English iron workers? There may in the latter countries be a more effective application of skill and capital to this industry; and on the other hand the American iron and steel workers may, on the whole, have made exceptionally large profits. Bad management will bring failure under any circumstances; and in the Union Works the capital appears to have been badly handled. If the Pittsburg men have taken worthless bonds for rails, failures may occur there also, without proving that the iron and steel trade is not on the whole even exceptionally profitable.