

THE CAUSE OF LOW PRICES FOR WHEAT.

In Charles Rugel's Paris circular of Aug. 30th an attempt is made to refute the prevailing opinion that the enormous decline in the price of wheat is the result of an unprecedented abundance of production. The authority referred to says:—"Without counting 1874, which was the greatest crop of the century, the year 1882, which is nearer to us, furnished a crop superior in quantity to that of this year. It was:

1882. 1884.

France.....123,000,000 hectolitres
against 110,000,000

England... 29,000,000 hectolitres
against 30,000,000

U. States... 176,000,000 hectolitres
against 176,000,000

Total... 328,000,000 316,000,000

And this by taking for these three countries the highest estimates for 1884. In 1882 the crop was equally good in Russia, whose export attained the maximum of 25,000,000 hectolitres, it was also good in Germany, in Austro-Hungary, in Italy and in all the other countries of the continent, and British India furnished a contingent of 8,000,000 to 10,000,000 hectolitres. Now this year the crops of these countries, though good, are sensibly inferior to those of 1882, and on the whole there was more wheat for sale after the harvest of 1882 than there is to-day, which, however, did not prevent prices from keeping on a higher level than we see just at present. The average obtained by the French farmer during the season of 1882-83 was 25 francs a quintal; in New York it was \$1.14 per bushel, and the average price of '9 marques' flour in Paris was 58 francs per sack."

The above authority appears to lose sight altogether of the reserves which have been held over from year to year, and proceeds to argue upon the assumption that we have only to deal with the present crop of 1884, which, if true, would, we grant, favor the inference that over-production is not the chief factor in determining the present low prices of the leading cereal. But are not facts diametrically opposed to such a deduction? We have before shown that the wheat production in the United States alone has increased during the past five years at the rate of 98,000,000 bushels annually, or 270 per cent as compared with the five preceding years—an increment out of all proportion to that of consumption. Now, we can scarcely imagine that Mr. Charles Rugel would be bold enough to attempt to counterbalance this enormous over-production of the United States by showing

an equivalent decrease in the newer wheat fields of the world, such as those of British India, South America, etc. No; because he would only encounter worse difficulties, in the shape of further expansions in the yield. The great sequel of the alarming decline in the wheat markets of both hemispheres has been the preponderating excess of supply over demand, which has dealt speculation the most terrific blow it ever received, besides levelling in the ruins of bankruptcy some of the foremost representatives of legitimate business in Chicago, New York, London, Liverpool, Glasgow, Newcastle, Manchester and Paris. It was speculation that contrived to block the flood-gates of supply until the pent-up volume of over-production could be controlled no longer, the dam burst, flooding the markets on both sides of the Atlantic, and in the general confusion which ensued losses have accumulated by millions and tens of millions of dollars. It is not a little curious that so many authorities on wheat find it convenient to compare the abundant crop of 1884 with that of 1882, although, if we mistake not, they took the same year for their basis of comparison with last year's short crop. If, then, the estimated deficient yield of 1883, which contrasted most strikingly with that of 1882, proved so disastrous to the theorists, why should we anticipate the change to a much higher plane of values than that which now obtains, surrounded as we are with plenty. What upset the predictions of dearer wheat which were so rife about a year ago, but the fact that the reserves held over from previous years had been under-estimated? It is not safe always to gauge the actual supplies by the supply visible. Many farmers of late years have grown rich and have had the means to gratify their passionate propensity of holding for a rise, and thus the supplies in first hands have accumulated to such an extent that the occurrence of a short wheat crop in the United States and Canada last year was not sufficient to exhaust them. Farmers' reserves are always apt to be misleading, from the fact of their being out of sight. There is no mistake, however, as to the world's big wheat yield of 1884 and its fine quality, any more than there is regarding the indisposition on the part of farmers to market it at current prices, although it is only through moving it freely that we need expect any positive relief to the markets on this continent. The wheat situation may be summed up in the following sentence: At a time when the requirements of importing countries are at a minimum, the surplus products of exporting countries are at a maximum.

If, therefore, under these circumstances American and Canadian farmers refuse to take market values, depend upon it other countries will only be too glad to fill the orders which they rejected. We would advise our farmers to accept the situation, sell at market values, and give no heed to the theorists who so woefully deceived them last year, by picturing the high prices which, according to their arguments, were certain to be the outcome of last year's short crop.

THE BANK STATEMENTS.

The usual comparative statements of the condition of the chartered banks will be found at foot. Notwithstanding an increase of rather more than a million in circulation, the liabilities are less by nearly two millions than in July. Both liabilities and assets are considerably less than at the corresponding period in 1883. The statements are indicative of caution on the part of the leading banks, which cannot be too much commended at a time when business depression is very generally felt. There is a slight increase in the Dominion note circulation, but we regret much to notice that the banks generally hold too large an amount of their reserves in Dominion notes. This of course would be of no importance if the Finance Department were to act on the sound principle by which the issues of the Bank of England are regulated, and which was that originally contemplated for the Canadian Government issues. It was hoped that when the banks were required to keep 40 per cent of their reserves in Dominion notes they would not much exceed that limit, which would necessitate their keeping about 60 per cent of their reserves in gold. We notice in the last statement a bank which, instead of holding about 60 per cent in gold has only about 10 per cent. There is a great tendency on the part of the smaller banks to keep an inadequate reserve of gold, and by the Dominion Act the Government is only required to hold 15 per cent of gold on the aggregate issue; and, although its present reserve is by no means in excess of what it ought to hold, its statement proclaims that it has nearly two millions of gold and guaranteed debentures in excess of what the law requires. If guaranteed debentures may be considered strictly available as a gold reserve, the aggregate amount of the combined reserve at present is not at all more than prudence should require to be kept, and if the smaller banks were to act