trench upon the capital of the houses suffering them; and large as the surplus may be, such a description of leakage will soon cause it to disappear.

Need we refer to the unblushing demands that are made by retailers who seek a compromise? How state ments to obtain a credit are interpreted to imply a capital which a month or two later mean a deficiency? There are said to be seasons in which certain crimes are fashionable, at one period incendiarism at another body-snatching, at another garrotting or some other phase of man's depravity. It seems hard to place in the same category hundreds who have wiped out their indebtedness at less than half, and either pocketed or lived out the difference. But we are certain of this, that there is no class of evil in this country so chronic, so prevalent to-day, as this business of getting settlements.

But it is unnecessary that we should further refer to this aspect of the case. The whole trade, both wholesale and retail, realize its tremendous effect sufficiently, and we will now proceed to discuss some ideas which, taking into account the general condition of the trade of the country, point to

THE CURE.

We are not vain enough to imagine that, for a disease so prevalent and so fatal, we can prescribe a panacea, but there are one or two plain suggestions that are too obvious to be original with us.

First and foremost, then, the importations of dry goods should be cut down fifty per cent. We do not want to see our struggling manufactures restricted, and if they continue to produce five millions of dollars, the importation of Dry Goods should not exceed Fifteen millions, even if that. Indeed, if they could be cut down to twelve millions, the country would be all the sounder a year hence. In this connection there is one view of the matter which should not be forgotten. There are now about nine thousand stores in Ontario and Quebec. Of this number there are at least one-third too many,—say three thousand. In these three thousand stores it is far under the mark to estimate the average stock at $2,000 each. There is therefore on the shelves of stores not needed Six millions of dollars worth of goods! If the trade of the country is to be safely carried on, these goods must reach the consumer and be realized upon; and whether the men who hold them are continued in business or not, it is obvious that it would be madness to leave out of the calculation so large an amount. It is as plain as figures can make it that the country can not stand the rate at which importations have been made hitherto. Disaster and loss will be the consequence of a persistence in keeping them even at present figures, and all circumstances concur to urge a restricted trade. Besides this, the standing of country merchants has been so materially affected by the competition,—the division of a small trade among too large a number,—the profitless business of last year, and all the demoralization of compromises, that it is exceedingly difficult to know where to place even one-half of the usual import. With less goods less pressure to sell, less need for paper and less out-standings, the aspect of affairs would soon improve.

An equally important movement on the part of the wholesale trade toward a cure for existing ills, is a complete and permanent stoppage in the system of granting compromises. We have already pointed out the consequences of a continuance of this policy. Certain ruin, universal bankruptcy, are the logical results of its continued practice. A failure in Canada, nine times out of ten, implies something wrong either in capacity, capital, character, or the trade to be done. Compromises do not supply the defect. Matters have reached this point, that to succeed in wholesale business the retailer must succeed, he cannot do so if settlements are to be obtained at half price, or if the same number as are now in business are allowed to continue therein. The retailers are too numerous, they must be weeded out. *The way to do it is to make success the test of ability and of merit.* A man fails; let it be taken as an indication that he is not fit for mercantile business, and let him adopt some other line of life. The loss by winding up estates may, for the moment, seem serious, but it may be perfectly relied on that the first loss of this character is best, that in the long run nothing but loss will follow compromises. The wholesale merchants to a large extent have the matter in their own hands; and in their unanimity in this matter rests the future.

The proposed amendments to the Bankrupt Law will greatly aid this determination. The clause suggested by the Montreal Board of Trade that no discharge can be had unless the estate of the bankrupt pays ten shillings, without the consent of two-thirds of the creditors, is a good one; it is pretty certain to become law, and with other improvements on the bill we do not despair of seeing the act beneficially applied. But with or without a Bankrupt Law, unless the merchants themselves are determined to discountenance every offer for settlement, except in clear cases of misfortune, there is little hope for a purer or healthier state of affairs.

A still further suggestion, and a very important one, is that of shortening the period of credit for Dry Goods. Six month's credit, and renewals for one-half at three months is now the universal time. There is no necessity for a continuance of so long a limit. The state of the country, the amount of money in circulation, the facilities for intermediate communication, all argue against it. While the evils that result from such long credit are numerous and disastrous. Bills made in the Spring are not due until after purchases are made in the Autumn, and this over-lapping implies lines of credit never contemplated, results in heavy stocks, and generally produces rope enough for the retailer to hang himself; as he in his turn, is less careful in his credits, and no single season's business stands on its own bottom. The advantages are so obvious that we will not longer discuss them, but urge the consideration earnestly upon the trade as a most effective move towards improving the trade of the country.

We cannot conclude without expressing our conviction that after all we are in the way to a better state of affairs. It is evident the Importations for the current year will be less than for the two previous years. The figures are not made public as yet even for the fiscal year ending June 30th, 1868, but from private information we believe the result will be about as follows:—

Imports of Dry Goods	Montreal	Whole Province
Year ending June 30th, 1867	$12,[illegible]	$21,[illegible]
" " June 30th, 1868	[illegible]	[illegible]
Decrease	$2,517,861	[illegible]

Then for the nine months succeeding since June 1868 and up to end of March, 1869, we know that the importations of Dry Goods at Montreal were $6,700,000 as against $8,300,000 same period in year previous. So that we see a step is being taken in the right direction, and if prudence is only observed during the Summer in purchases for the Autumn, the year may close on much brighter prospects than now appear.

Again we rejoice to see that at last among the Wholesale Merchants a strong feeling is setting in against settlements and "no compromise" is gradually becoming the cry. A few months steady continuance in this feeling, and a determination to resist all sorts of pressure on this point, will work wonders. If, following this, the amendments to the Insolvent law are what they ought to be, and a movement inaugurated (as has been done by a leading importer in Toronto) to reduce the time of credit, an improved condition of things may dawn upon the trade of the country, and "the Winter of our discontent be made glorious Summer."

To reach Sault Ste. Marie in winter is no easy task. The mails are carried over the ice a great part of the way, and most of the travelling is done with dogs and snow-shoes. Mr Henry Simpson, M P for Algoma, who lives at the "Soo," came down on Saturday on his way to attend the sitting of Parliament. He was fifteen days on the road, travelling by dog sleighs and snow-shoes. It is comparatively easy work for the rest of the members of the House of Commons to reach Ottawa. When Mr Simpson returns he will, of course, go home by steamer.

NEW YORK CANAL SYSTEM.

THE address of the Hon. J. T. Hatch, of Buffalo, delivered a few days ago before the Produce Exchange of New York, contained many facts which are deserving of particular attention. As showing the difference in cost between railway and water transportation, he stated that "it is computed that during the six months of navigation the canal alone carries as large a tonnage of freight as the five chief trunk railroads from West to East during the whole year at half the cost to the public, being a saving annually in transportation by water, to the great consuming and producing classes of the North-western and Eastern States, of $36,680,000. The average cost from Chicago to New-York *via* the lakes, the Erie Canal and the Hudson River, including canal tolls and carriers' profits embracing a period of ten years, is $7.66½. The cost of transportation on the Central Railway, as given in annual reports, taking the average of six years, is one cent four mills and nine-tenths of a mill per mile, not including carriers' profits. This average applied to the distance from Chicago to New York by rail 988 miles, makes $14 31 6 per ton, or $6 65 1 more per ton than the average cost for a period of ten years *via* the Lakes, the Erie Canal, and the Hudson River, including State tolls and the profits of carriers. The through freight moved eastward by the five trunk lines and the Erie Canal is about, in round numbers, 5,500,000 tons, which if multiplied by $6 65 1, the difference before mentioned, would make a difference between rail and water transportation of all carried by either method, of $36,680,000."

Mr Hatch also informed his audience that cheap as is canal transportation compared with land, unless the Erie Canal was widened and tolls lessened, that great avenue of commerce would lose much of its business. After alluding to the efforts of other seaport cities, and of Canada, to direct the grain from that route, he said:—

"If the ambitious views of our people in the North-west, originating in Chicago, its commercial centre and in New England, with Boston its commercial centre, could be realized, the signal flags of your lines of splendid ships would be floating in the ports of your rivals—Montreal and Boston—for you would have to send them there to get freights. The North-west aims at direct trade with Europe, and Boston believes that if the St. Lawrence canals can be enlarged they can bring their largest lines of propellers upon the lakes, now engaged in carrying from Chicago to Ogdensburg, and then by rail to Boston, and so become respectable rivals to you in the inland commerce of this country. Schemes to accomplish this object are pending in Congress now, and I do not hesitate to say that I believe, as certainly as that the waters of the St Lawrence will continue to flow to the ocean that this commercial experiment will be tried to change the channels and outlet of inland commerce of this country. Of its probable success I have nothing to say, only that if your commercial power on this continent should diminish or pass into rival hands, it will be owing to your neglect to improve those natural advantages with which the God of Nature has surrounded you."

There can be no question of the truth of these assertions, and the means by which the threatened results may be averted should command the attention of business men in all part of the State. New York is now and for a long time must continue to be, the great shipping port for our foreign bound grain, and if it ever ceases to be, it will be the fault of our legislators. There are many indications that the spirit of Clinton, Fulton and Morris has departed. In the last Constitutional Convention a proposition to authorize the borrowing of ten million dollars to enlarge the canal was voted down; so too was it when the amount was reduced to two millions. The same body authorized the borrowing of the maximum amount just given, for the purpose of building an unnecessary Capitol. If that policy is persisted in, the grand enterprise that made New York both City and State, imperial, will fall into comparative disuse, and Western grain will seek other outlets to the sea.— *Commercial Bulletin.*
