

## COMMERCIAL.

Very little change has transpired in the Dominion business since our last report. Perhaps, taking in the whole field, there is somewhat less activity in general trade than was noticeable at the corresponding period of last year, but the tone is steady and healthy. This is, in a sense, remarkable considering the depression so long hanging over the commercial affairs of the American republic, with which Canada has so many business relations. The Dominion, however, has little cause for fear from this cause, as the banks and other monetary institutions have been pursuing a cautious and conservative policy which has greatly checked over-speculation and has necessitated on the part of customers a curtailment of trade within the limits of requirements, thus reducing liabilities to a minimum. Good crops have been harvested in Manitoba, the North-West, and Ontario, while the prospects in Quebec and the Maritime Provinces are cheerful. The situation under the circumstances is therefore encouraging, and a fairly satisfactory Autumn business is confidently anticipated. Money continues tight and discount rates are firm ranging at from 7 to 8 per cent. for ordinary negotiable paper. At the same time a slight improvement is noted in the general volume of trade in such staple lines as dry goods, groceries, hardware, boots and shoes, clothing, etc. Country orders are coming in more freely and payments are reported to be better.

As anticipated by THE CRITIC some weeks ago and reiterated in successive issues the "crisis" in the United States, though very severe for a short time, was of short duration. The reasons assigned for its occurrence are various, but it seems that the "silver question" really had very little to do with it and the tariff could not have been a potent factor in causing the panic under the influence of which depositors withdrew their balances from the banks and hoarded them away, thus locking up money so that it practically ceased to be a circulating medium. On neither of these matters has Congress legislated "to a finish," and yet money has again become abundant and confidence is rapidly reviving, and the indications are that trade and manufacturing will soon be as driving as usual. The evident chief cause of precipitating the panic was the selfish action of the banks, brokers and stock speculators who squeezed the market at an inopportune time and made the public so frightened that reason departed for a time and enormous and sudden withdrawals of money from circulation stopped the wheels of business and brought everything to a temporary stand-still.

WEEKLY FINANCIAL REVIEW OF HENRY CLEWS AND CO., NEW YORK, SEPTEMBER 9, 1893.—"The general revival of financial interests foreshadowed in our advices of the last two weeks has arrived. There no longer exists a money crisis. The city banks were, at the close of last week, actually above the legal limit of reserves (although the week's averages showed a slight deficiency), and during the past week they have made a further gain of currency in their exchanges with the interior. They therefore no longer suffer from the restraints of the reserve laws, and are on the way towards further large accumulations of money. Putting together the imports of gold, the new issues of bank notes and the issues of United States notes against silver purchases, the country must now have some \$75,000,000 more currency than it had at the beginning of the depression. The hoarding by private persons, by country banks and by savings banks had prevented this accumulation from affording any relief. Now, however, the hoarders have recovered, or are recovering, confidence, and are converting their cash into investments or depositing it in banks, and this large amount of money is naturally flowing into its accustomed channels and depositories. We have therefore now reached a stage that always follows periods of great stringency, at which the previously unavailable money flows into the custody of the banks and becomes available for general use. The stringency produces a contraction of business; that contraction diminishes the amount of money needed; and there is then a redundancy of circulation. In this case the redundancy will be all the greater from the fact that the gold imports and the new issue of bank notes are to a large extent a special increment. These facts indicate that we are now drifting with some rapidity towards an unusual glut of money. The first essential of a general revival of business is thus secured, and by a process which, because it is natural, may be depended upon. Up to this point, however, the recovery of confidence in general business is behind that which has occurred in banking and financial circles. It is not to be expected that it should keep equal pace; for the disturbance of credit among merchants has been more extensive than that which has been experienced in Wall Street, and the machinery of trade moves more slowly than that of finance; the trader moreover always has to wait for the readiness of the banker. The restoration of general business, however, cannot be much longer delayed. Already the beginnings of improvement are apparent in all the leading branches of trade. There are more buyers in the markets, and, although they are making inquiries more than contracts, it is evident that they are in need of considerable replenishments of their stocks. It is many years since stocks of merchandise have been so light as at present; and this applies equally to the retailer, the jobber, the manufacturer and the importer. The shock of the last three months of depression has been too severe to admit of an immediate average demand from consumers; but it is safe to assume that the reduced ability to buy is not at all proportioned to the lowness of stocks. For a large portion of the last three months the production of many kinds of manufactured goods has been reduced by one-half, and as a rule stocks in first hands probably do not exceed one month's consumption. As against this condition of supplies we have to set off a large accumulation of deferred wants and postponed buying, together with a restored ability to buy. The nature of the depression has been rather a temporary impairment of the instruments of buying than a destruction of the real ability to buy. Credit has been suspended, not from the insolvency but from a transient monetary

disturbance. The monetary crisis having been virtually overcome, credit revives, and the ability to buy and to replenish stock is restored. The actual buying capacity of the country has not been impaired at all proportionately to the extent of the depression, and therefore the condition is not at all comparable with that which follows a crisis due to over-trading, speculation, inflation and an extensive prevalence of insolvency. Under those circumstances it seems reasonable to expect that, when merchants have recovered a little more from the late acute shock, a brisk revival of business will set in, and possibly with some recovery in prices from their present low level. The recovery is not to be expected to amount to a full resumption of the prosperous activity that existed before the crisis, but it not too much to hope that it may prove much quicker and more complete than that which usually follows periods of panic.

Mercantile credits now have the backing of the banks. The New England banks are taking considerable amounts of gilt-edge paper; and the city banks are in the market for the better class of names at 7 per cent. The resumption of discounting means the resumption of trade. Naturally, the prospect of an early reduction of tariff duties is calculated to keep the production of manufactures close to the demand. This sort of preparation however has, from other causes, already gone as far as is needful in order to meet the tariff changes; and all that is required to keep the market in a fairly healthy condition is to see to it that production is kept well within the limits of a moderate normal demand; which, with the prevailing caution among manufacturers, may be safely calculated upon. The pangs of preparation for the new tariff having already been virtually endured, the only remaining question to cause much concern is as to the extent of the reductions of duty. As to this, there is reason to hope that the Administration may favor a more moderate policy than might have been attempted under other circumstances.

The final repeal of the purchase clause of the Sherman Act is now so generally taken for granted that the silver question no longer causes any serious apprehension. Congress, however, shows such a decided disposition to reshape our currency system that there can be little doubt that, when the Senate has given its vote against silver purchases, the problem of amending our bank note system will receive earnest consideration. The decidedly preponderant opinion of Congress seems to favor bank circulation as the chief future dependence of the country for its retail uses. Some notable changes of opinion from old methods of regulating and protecting bank issues appear to be coming over the minds of Congressmen; and fortunately they are of a character which, while calculated to afford greater elasticity in the direction of both expansion and contraction, would yet make them secure against default. A bank note system which, while providing absolute security for the issues, would yet make the volume responsive to the constantly fluctuating wants of the seasons and of the country would be an invaluable contribution towards the stability of the money market and of values; and there seems to be some reason for hoping for that boon.

Wall Street has expressed its interpretation of these improving aspects in the condition of affairs by an active buying movement and a general rise in prices. Buyers of ample means have taken up large amounts of railroad stocks, which are not to be realized upon until a much further advance in values has occurred. Speculators in the foreign markets have done some selling to pocket profits, but the investment demand from that source continues. Naturally, after such an important rise in prices, there has been some realizing by speculators; but the spirit and strength of the market indicate that the upward movement has not yet spent its force, and we therefore recommend buying of good stocks on all spasmodic declines."

Bradstreet's report of the week's failures:—

	Week Sept. 8	Previous week.	Weeks corresponding to	
	1893	1893	1892	1891
United States	379	369	146	233
Canada	27	30	2	23

DRY GOODS.—The past week has been a fairly busy one among the wholesalers, country orders coming in both by letter and from travellers with satisfactory freedom. Quite a number of buyers have also visited town, and have selected a fair volume of purchases after personal inspection of the stocks offering, and thus obtaining information that will guide them in giving further orders from time to time as goods may be required by them. Cotton goods remain steady, although some dealers predict that they will be able to import American goods soon. The *Dry Goods Review*, Montreal, which is an authority in the dry goods trade, has been counselling retailers not to stock heavily, claiming that the decreased imports to the United States and the late financial stringency in that country must necessarily cause a sympathetic lessening of trade in Canada. Retailers seem to have accepted the warning, and are buying only for present wants. As the financial horizon brightens, buying to the usual extent will be promptly resumed, and the total trade of the season will thus maintain its magnitude. Another reason may be advanced, and that is that trade in medium weight goods last spring was not brisk. The change from cold to warm weather was very quick, and people changed at once from flannels to muslins. Dealers will accordingly aim to work off their medium-weight goods in this month and the next. Payments are reported to be fairly satisfactory, in fact rather better than was expected.

BREADSTUFFS.—The local flour market is quiet and unchanged so far as actual business is concerned, but the general tone of the market appears firm. Trade is, however, confined to moderate jobbing lots for current requirements. In oatmeal a small local jobbing business is doing at about steady prices. Bran and shorts continue to be rather scarce, hardly enough coming to hand to meet the actual demand. Dealers, however, say that there is plenty on the way and no advance is, therefore, anticipated. In Boston a better trade in flour is noted. Prominent milling concerns have had a good trade of late with considerable sales but there have been little or no changes