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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, JUNE 14, 1878.

THE DEPRESSION.

The Hon. Mr. Mackenzie's recent speech to the working men at Toronto has naturally led to a good deal of controversy between the organs of the political parties. It is not our intention at present to enter into the merits of the Protectionist and Free Trade theories, but a question has been raised in Mr. Mackenzie's speech which is well worthy of serious consideration and reflection—that question is simply whether Canada is able to pay for the goods which she imports. It is very generally believed that the number of bankruptcies which have occurred since the commencement of the present depression may be considered as affording proof that there has been great overtrading, and that goods have been imported much beyond what the consumers have been able to pay for. Though far from wishing to contend that there have not been excessive imports, we are of opinion that

it would be a great mistake to attribute the bankruptcies to this cause alone. If it were possible to obtain reliable information on the subject we are inclined to think that few, if any, of the bankruptcies which have taken place can fairly be attributed to non-payment by the consuming classes of the goods purchased by them. It would be most interesting information for the public if the causes of the various bankruptcies which have taken place could be ascertained by the public. It is hardly possible that these causes are not known to the respective assignees of the estates and probably in most cases to the principal creditors. They are, however, not communicated to the public, and it is not improbable that a good deal of misapprehension prevails on the subject. It is to be feared that one cause is the inadequacy of the capital possessed by retailers generally in Canada. There is no doubt whatever that persons embark in business in Canada with much less means than what the same class possess in the United Kingdom. The consequence of the facilities given to persons, either without or with very inadequate capital, to embark in business is that there is much greater competition, and, as a result, an oversupply of goods. The principal cause, however, for the bankruptcies which have taken place is the great shrinkage in the value of all kinds of goods, and this has affected both wholesale and retail dealers. In many cases bankruptcies have been caused by individuals being tempted to enter into speculations outside their regular business, notably by purchases of real estate, the shrinkage in which, in many parts of the country, has been greater than in any other description of property. This is a temptation to which traders of a similar class in the United Kingdom are not exposed. We have not noticed the very serious losses which have resulted from the fall in price of all descriptions of lumber, one of our principal articles of export. The remedy for the depression under which we have so long suffered is a strictly conservative policy on the part of our wholesale merchants and of our banks, and this, there is reason to believe has been steadily pursued for a considerable time back. We probably ought to congratulate ourselves, having reference to the state of affairs in the neighboring republic, that our manufactures have not been developed to a much greater extent. Bad as things are and have been, they might have been much worse, and would have been if we had such extensive and various industries as our neighbours have.

VOLUNTEER OFFERS OF SERVICE.

The *Canada Gazette* contains an official acknowledgment, which we copy elsewhere, of the "offers made of service" "in the event of war from officers commanding corps in the Dominion and from other officers resident there." It is not clear whether the officers commanding corps offered the services of their corps as well as their own, or whether, if they did so, they had the concurrence of the men belonging to those corps. The officers who have thus volunteered their services deserve all possible credit for their patriotism and loyalty, but we very much fear that there has been too much of what is sentimental, and too little of what is practical in these offers. It is very doubtful whether in the event of a European war it would be expedient that our most available men should be sent on foreign service, but most assuredly that is a point that ought to be determined on the responsibility of our own government, and not on that of the officers commanding any particular corps. The main point, however, is, whether England clearly understands that the officers, whether as individuals, or with any number of men accompanying them, merely propose to be enlisted in the regular army, and are not to be regarded as a Canadian contingent, temporarily supplied at the expense of Canada, and as regards the regular army to be in the position of volunteers. The *Gazette* does not furnish copies of the dispatches of the Governor-General, transmitting the offers of the Canadian militia, but the dates are given in the reply of the Secretary of State, and they will probably be called for during the next session of Parliament. It is of course quite impossible that the Dominion Government could have made any offer, involving considerable expense, without the sanction of Parliament, but it may not have been made quite clear to the Imperial Government, that these offers, so far as regards the officers, are merely offers to accept most desirable positions in the British army, positions for which there would be thousands of aspirants within the United Kingdom itself. As to the men, there is nothing in the answers before us from which we can judge whether their services were included in the offer. Be that as it may, we entertain no doubt that it would be wholly impossible for any officer commanding a militia corps to offer the services of his men. It is far from impossible, that one or two regiments might be raised in Canada, as the 100th was many years ago, but then recruiting would have to be carried on in