HARD TIMES.

The Cause.—The Consequence.—The Cure.

It is pretty safe to say that never, since the terrible crisis of 1857, has there been so much anxiety in the minds of the commercial community of Canada, as at the present moment. Go where you will, meet whom you may, a general feeling of apprehension and perceptible want of confidence prevails. Failures are frequent and disastrous, losses loom up at every turn, and what is worse than all a very low grade of mercantile morality is painfully prevalent. Disguise it as we may, the trade of the country is in a sadly demoralized condition; and the sooner the community know the cause, realize the consequences, and discover the cure, the better for all concerned. As a contribution to that end we propose to group together a few figures and facts which may be interesting to our readers.

THE CAUSE.

Beyond all question the primary cause of the difficulties under which the trade of the country is now laboring will be found in the enormously Increased Importations of Goods. Few realize the extent to which this has reached; but the following figures will, by comparison, definitely indicate what are the facts of the case.

Imports into Canada (East and West) of all kinds of goods from the year 1852 to 1867, inclusive:—

	Imports of Dry Goods.	*Total Imports.*
1852	8,240,640	20,286,493
1853	13,203,076	31 981,436
1854	14,660,684	40,529,325
1855	9,509,773	36,086,169
1856	13,173,288	43,584,387
1857	12,123,511	39,430,598
1858	7,398,904	29,077,852
1859	10,825,564	33,535,913
1860	12,451,125	34,412,431
1861	13,156,397	39,750,161
1862	11,163,239	45,980,939
1863	11,481,107	41,312,206
1864 (half-year)	7,987,919	21,406,712
1864-65	13,546,997	39,851,991
1865-66	19,874,852	48,607,038
1866-67	21,486,764	52,633,670

By a glance at these figures will be seen a very remarkable increase from 1852 to 1856, resulting, doubtless, in largely augmenting the crisis of the year following. But the increase from 1861 to 1867 is also very great, especially in Dry Goods,—from thirteen to twenty-one million. The enormous rate, however, of increase will be best seen in estimating the per centage as compared with the growth of the population.

	1861	1867	*Per centage of Increase.*
Population	2,507,675	3,091,000	23¼
Imports of Dry Goods	$13,156,397	$21,486,764	63¼
Total Imports	39,750,161	52,633,670	32½

The population in 1867 is estimated at the annual rate of increase as actually took place in ten years previous to the last census, and cannot be far out of the way.

In addition to this large proportionate increase in the importation of Dry Goods, we must not lose sight of the great growth in Canadian manufactured goods of a class which formerly formed a large share of the importations. It is estimated that the total annual products of Canadian *Manufactures now reach Four and a half* if not Five Millions of Dollars. It is not unsafe to say that in 1861 they did not reach over one million, so that in addition to the twenty-one and a half millions imported we have an increase of three and a half of manufactured goods, making *the total quantity of Dry Goods* thrown on the market in 1867-'68 at Twenty-five millions of dollars as against fourteen millions in 1861,—an increase of Eleven millions of dollars. This is an increase of at the rate of 78⅜ per cent. as against an increase in population of certainly not exceeding 25 per cent. In other words, had the quantity of goods thrown upon the market kept pace only with the increase in population, we should have only Seventeen and a half millions instead of Twenty-five millions. In round figures we have been putting dry goods into the country at the rate of eight dollars, in 1867, for each man, woman and child, whereas in 1861 the quantity for each inhabitant was only $5.60.

There may be other causes for the depressed condition in which we find the trade of the country than that of the large growth in the importation and production of Dry Goods; but we cannot be far astray in the assertion that to that increase, undue and unwarranted as it is, may be attributed the principal blame. In order, too, that all should bear that blame alike, and that Montreal in particular should be held up as the chief of sinners in this respect, we append figures showing the importations of Dry Goods, since 1850, at all the principal points. We are indebted for these figures to an exceedingly interesting and instructive lithographed diagram, compiled by Mr. Andrew Robertson, of the firm Robertson, Stephen & Co., of Montreal. The figures are also important as showing the relative extent of the various markets for Dry Goods in the Provinces.

	MONTREAL.	TORONTO.	HAMILTON.	All other Ports.
1850	$2,994,688	$1,441,208	$ 812,612	$1,464,240
1851	3,975,476	1,227,688	1,015.332	2,007,484
1852	4,154,000	1,342,988	1,156,548	1,587,104
1853	6,099,704	2,786,188	1,735,952	2,581,232
1854	5,699,792	2,876,540	2,623,576	3,460,776
1855	3,161,730	2,225,785	2,154,563	1,967,694
1856	5.385,512	3,022,877	2,393,978	2,370,919
1857	5,991,174	2.212,009	1,544,006	2,376,323
1858	4,008,643	1,073,082	626,048	1,791.131
1859	6,077,578	1,716,924	962,806	2,068.256
1860	6,984,986	1,849,688	1,214,445	2,102,006
1861	6,964,484	2,203,029	1,289,750	2,699,134
1862	5,866,124	1,790,796	1,160,778	2,345,541
1863	6,364,068	1,930,190	965,764	2,221,085
1864	4,697,145	1,195,832	565,988	1,528,954
1865	8,021,806	2,147,478	899,417	2,478,296
1866	11,702,517	3,513,456	1,648,138	3,010,742
1867	12,317,861	3,915,091	1,773,654	3,480,158

We most willingly admit that so far as the general condition of the country is concerned it has seldom been in a better shape. It is not the country that is wrong; it is the trade overdone, expanded, and demoralized, in which the difficulty lies. As a class consumers are now better off than ever before. Farmers,—that great proportion that go to make up fully one half of the entire male adult population,—are comparatively rich, and the mechanics and laborers dependent on them have participated in their prosperity. In this view of the case it was proper enough that the importation and production of Dry Goods should increase, but that that increase has been excessive and unwarranted is best proven by the sad condition of the trade in the face of such a prosperous condition of the country. So that the very argument which might be used to justify a large increase in business can be as well urged to show that that increase has been excessive and dangerous. In Canada where consumers, as a rule, are prosperous, where there is no wide spread distress, where values are comparatively steady, and business need partake very little of a speculative character, failures ought to be few and seasons of depressions rare. *In the language* of Cardinal Richelieu

"There need be no such word as fail!"

It is only the result of over-trading, excessive importation, increased production, and a general departure from legitimate business principles, to find a country such as ours in the condition that it is to-day. And this brings us now to some of the

CONSEQUENCES.

It is sometimes difficult to separate the consequences rom the causes, so closely are they allied. As an instance, we may state the general fact that there are, at the present moment, engaged in business in the country at least one-third too many merchants. Some may set this down as a cause of the difficulties from which we now suffer. We are, however, disposed to regard it as purely the result of excessive importation. We will not discuss the point, however. It is sufficient to know that such is the fact, whether cause or consequence. Sound political economy always views with alarm an increase of non-producers. An undue number of those, who neither toil nor spin, is sure to result disastrously; but in a country like ours, where the volume *of trade is altogether internal,* and where, at best, it is confined to such narrow limits, the evil is very soon felt, and felt in an aggravated manner. But we will not stop to discuss even that aspect of the case, but content ourselves with contemplating the immediate effect on *the trade itself of so large* a number employed therein in excess of its requirements.

One of the worst results of large importations is the lowering of the standard of credit. With a warehouse full of goods and a pressure to sell in order to get paper which will melt in a bank, risks are run and accounts taken up and fostered and nursed and carried on, which, with a market only fairly filled with goods, would never be undertaken. Such has been the result in Canada. The disposition among farmers' sons,—and, indeed, among all classes,—to rush into mercantile life, has been encouraged by the liberality with which credits have been dispensed. Young men, fresh from the plow, with a few hundred dollars, and perhaps backed by a father or a friend, have set themselves up as merchants, and found it much easier to live in that capacity than in driving the oxen or handling the axe. But as a rule they were fit only for the latter duties,—at least they were unfit for mercantile life. Again, young men with a few years' experience in a country store, would scrape together a few hundred dollars, get a loan from a friend, and seek this and other markets to purchase goods. On arrival he would find himself the hero of the hour; he would be treated, courted and run after by the drummers from the various houses, many of whom actually took up their residences at the various hotels in order to catch just such customers. It is quite unnecessary that we should seek either to trace the origin or the mode by which the largely increased number of "storekeepers" go into business. It is sufficient to know that to-day, from one end of the Western Province to the other, there are three stores where there ought to be but two,—indeed, that will be considered a low estimate, for many will say there are three where there ought only to be one.

It will perhaps best illustrate what we seek to convey if we mention a few representative towns. Commencing at the western limit of Ontario, we omit Windsor, as it has a considerable trade with Detroit, and select Chatham as a starting point. Opening the Reference Book of the Mercantile Agency, we discover in this town twenty-five general stores, dry goods, and millinery shops, and twenty-seven groceries, a total of fifty-two stores. Now, no one will pretend to say that the trade in and around Chatham can support all these establishments; indeed, we have heard it alleged that there are more stores in Chatham in which assorted stocks of dry goods are to be found than in the whole city of Detroit! Take Goderich as another instance, where may be found thirty-seven dry goods and grocery stores; Stratford, 24; St. Mary's, 20; Seaforth, a place without an existence eight years ago, 20; Brantford, 53; Ingersol, 35; Woodstock, 37; St. Catherines, 52. Coming east of Toronto, we find in Port Hope 29 stores, all of more or less importance; Belleville, 47; and as far east as Renfrew, a town which long ago reached its growth, there are now 14 stores. But it is needless to mention further instances, except perhaps such towns as Paisley, in which there are 12 stores; Lucknow, 9; Owen Sound, 34,—in order to show that in towns, new and old, on the railways and off them, the same state of things exist. Bear also in mind that these stores are but representative in character, and always imply a proportionate number of taverns, saddlers, saloons, butchers, builders, druggists, stationers, and all such pursuits resulting from the divisibility of trade and the creation of a town. It may be in the above count we have included some small establishments, but we cannot be very far from the mark. At any rate, it is too evident that the number of persons engaged in trade has of late years increased out of all proportion to the trade to be done; and that the competition and division of profits of a limited trade at best among so many is at once the result of excessive importations, consequent ease of obtaining credit, and the immediate cause of so many failures, compromises and shameless swindles.

Not a few, however, attribute our present misfortunes to the Insolvent Law. It is true that this law is faulty, —that it opens the way for a dishonest man to defraud his creditors, and that unless it is amended serious results are sure to follow. It is but one among the sad results of over-trading that people are found so ready to avail themselves of its loose provisions. It is like giving medicine to remove a disease it aggravates rather than cures. It is not the cause of the disease—it is only an aggravation of it.

To show to what extent the Insolvent Law has been availed of we have had the number of applications counted, with the following result:—

From 1st Sept. to Dec. 31st, 1864	437
For year 1865	481
" 1866	792
" 1867	772
" 1868	650
From 1st January to March 31st, 1869	200
Total number of Insolvents	3332

It must be understood that a very large portion of these 3332 applicants, especially in the earlier years, were those whose complications, previous to the enactment of the law, rendered it impossible for them to do business; besides this the law, as it applies to Ontario, permits the discharge of non-traders, so that it is really impossible to form a very accurate idea from the figures of just how many merchants in business, in the last five years, have failed. Still another difficulty in estimating the number of failures is found in the large number of private settlements that have been made, without any application in Insolvency having been fyled at all. These private arrangements have not only been very numerous, but the amounts of liabilities have been even larger than where the benefit of the Act has been invoked. For it is a singular, yet a melancholy fact, that those people who owe the most have less difficulty in procuring settlements than those who owe least.

This brings us to the consideration of an aspect of the subject, which, more than anything else, is the *most startling, the most alarming,* and the most disastrous in its effects than any other element in the trade of the country: we refer to the frequency and ease with which compromises of indebtedness have been, and still are, obtained. We can imagine nothing would be plainer than this conclusion, that if one-third of the retail trade are permitted to get out of their debts by paying one-half, nothing in the world can prevent the remaining two-thirds from doing the same. If then there is universal bankruptcy among the retail trade, what is to become of the wholesale dealers? Is not the same fate in store for them also? We put the matter in this strong light because we can see nothing else as the direct result of the process so much in vogue the past few years. We have seen that the first consequence of excessive importations is to lower the standard of credit and enormously increase the number in business. The next result is that it is impossible all these people should make an honest living out of a trade that could be better done by half the number. Some one must suffer from the ruinous competition, the disgraceful cutting in prices, the profitless exchange of goods for less money or poor outstandings. Who is then to be the sufferer? It is clear that he who gets rid of his debts at 10s. in the pound has much the best of the bargain. While the wholesale merchant suffers a direct loss, the honest, capable and sound retailer is equally a loser. Take a small town in which there are six stores. Two of them fail, settle at five to ten shillings,—in other words get their stock and assets at less than half price, and how completely can they defy competition from their solvent and very probably more honest neighbors. Is it possible that the remaining four retailers can live and pay twenty shillings in the pound? The thing is impossible; and thus like children playing with a row of bricks on end,—start one and the whole lot will fall.

We know that the Insolvent law is directly chargeable with a facility to obtain compromises; but we fear it is not only to that law is the great bulk of the blame to be laid. Wholesale Merchants themselves have been altogether too easy in this matter. It is bad enough to import fifty per cent too many goods; it is bad enough to lower the standard of credit, and trust wildly, recklessly, the weak people in an already over-crowded place, but it is infinitely worse, it is suicidal, and cruel, to honest, capable traders over the country to compound with almost every Tom, Dick, or Harry that comes along with a poor mouth and a big liability. We can easily characterize as dishonest and incapable a very large number of parties who have been successful in obtaining settlements of this character; but it is useless to do so. We prefer to let the blame rest where it ought—on the shoulders of the creditors themselves, who, with a ready acquiescence, or with a too culpable carelessness, too easily fall a prey to such operations. If compromises did any good there might be some sense in them; but they do harm and only harm. If a retailer fails because he lacks honesty, compromising only makes him a bigger rogue than ever; if he fails because he lacks capacity the fool is only confirmed in his folly; if he fails because the trade of the town is inadequate the only result is to destroy all profit the trade of the place ever yielded. If compromising with a man supplied any need which has hitherto existed, it might be well to compromise. But it does not. On the contrary, it unsettles the values in every shop in the vicinity, and what is worse unsettles the mercantile morality of the whole community.

The experience of the past winter and present spring every day confirm all that we have said. Merchants who have sold hundreds of thousands to a million dollars worth of goods find their whole profits rubbed out by the very same process which they themselves have been encouraging; and it is a melancholy fact that, for twenty millions of dollars worth of dry goods which were imported last year, hardly a vestige of profit can be seen, so frequent, so general have the losses by failures been. If these losses continue, they will very soon