

passed to protect trade against unlawful restraints and monopolies. It will probably be hard for the association to prove all these assertions, and also its claim that each company retains control over its own traffic.

A question of considerable importance is raised by the bill to incorporate the Hudson Bay and Navigation Company: whether a work of this kind should be given over to a private company. The Government reserves to itself the right to overcome the St. Andrew's rapids below Winnipeg, and only in case of their not doing so is it proposed that the right shall devolve on the company. The Government has had the opportunity to make this improvement, and it has waited till the patience of the people most interested is well-nigh exhausted. It can, no doubt, plead a multiplicity of other engagements, but the time for it to act in this connection draws nigh: in assuming the work, it would be acting in accordance with the rule that the improvement of the connecting links of all great inland waters should be treated as proper subjects for Government action. Another scheme connected with Manitoba transportation—the Hudson Bay Railway—has had its construction time extended for two years.

FINANCIAL REVIEW.

It is quite apparent from the figures of the Banking Return that the requirements of the customers of our banks have caused a stretching out of their loans and discounts to a degree which must excite a certain amount of apprehension. Every person in mercantile or manufacturing business, who obtains accommodation from banks, will know how much he or his firm or company has contributed to this state of things. No doubt he will find, in many cases, that he owes his bankers a good deal more than ordinary, and that his advances are stretched out to limits which probably occasion anxiety to himself in consequence of the heavy burden of interest they entail. It is a serious question whether the business of the country can bear the load of interest which it now has to carry. Yet the remedy is certainly not to be found in the lowering of the rate of interest. For that would be contrary to all the rules of common sense and experience. In respect of all commodities, the use of money included, the heavier the demand the higher the price. There cannot be a doubt that this is a universal law. The true remedy, then, is to be found in seeking less accommodation, giving less credit, consenting to fewer renewals, and diminishing stocks of goods, which are now too heavy. This is the effectual way to deal with the present condition of things.

And certainly there is no inducement for parties in business to be stretching out beyond reasonable bounds in the profits they are making, or are likely to make, for profits as a rule were never on so slender a scale as at present. The universal complaint is that there is "no money made" in carrying on business, and this, with some exceptions, is undoubtedly the case. The masses of transactions that are done in the trades where long credit is given, can be likened to nothing better than the rolling of heavy stones during every month in the year to the top of a hill, only to find them rolling down at the end of the year to the bottom again.

This is a figure which, in the old mythology, represents one of the torments of the infernal regions; and doubtless many merchants have endured in anxiety of mind, vexation, worry and disappointment during the last few years, what has been equivalent to some slight taste of those torments. It is, therefore, evident that a continuance of this state of things is not desirable for anybody.

As for bankers, their available resources have run down just as much as their loans and discounts have mounted up. The following figures are suggestive:

LOANS AND INVESTMENTS.

February, 1892	.....	\$206,000,000
" 1893	.....	218,000,000
" 1894	.....	225,000,000
" 1895	.....	222,000,000
" 1896	.....	235,000,000

AVAILABLE RESOURCES.

February, 1892	.....	\$63,000,000
" 1893	.....	69,000,000
" 1894	.....	61,000,000
" 1895	.....	75,000,000
" 1896	.....	64,000,000

So, then, with nearly \$30,000,000 more money lent out, bankers have only the same amount of cash resources that they had in 1892. For, with regard to deposits, against which available resources have to be kept in a certain reasonable proportion, the comparison is as follows:

February, 1892	.....	\$162,000,000
" 1893	.....	179,000,000
" 1894	.....	177,000,000
" 1895	.....	191,000,000
" 1896	.....	190,000,000

These, it must be borne in mind, are simply chartered bank deposits, and must not be confounded with the total deposits in banks, post offices and savings banks which are sometimes given in our columns.

It will thus be seen that the banks have only a million more of available resources than they had in 1892, although they have nearly \$30,000,000 more of deposit liabilities.

It is perfectly evident to any one looking at these figures that the banks have reached the utmost limit of prudence in loaning, and that it is time for them to call a halt. The country is congested with stocks of goods of all kinds, a large share of which cannot be sold, or cannot be paid for if they are. Credit is stretched to a most unreasonable extent. Failures have been crowding upon us with increasing rapidity, and everything points to the necessity of curtailment, shortening of sail, lessening of stocks and volume of business, and a strengthening of the position all round.

The bright spot in the position is the condition of the English market for timber and deals, which is good and buoyant, and promises to continue so for some time to come. The threatening clouds of European warfare have had this good result at any rate, and it will react upon certain parts of Canadian business, and certain districts. But the sawed-lumber trade with the United States does not brighten up much, a circumstance which means continued dullness and stagnation over a wide district of country. The effect of this is cumulative. Many a trader can go through one season of dullness and hard times and not feel the effect of it seriously, except in having to apply for renewals with his bank. But the second season will try him more, and the burden of interest will press more heavily; besides which, stocks that he carries over were very likely depreciating, and might depreciate more still. It is the *third* year of bad times which pinches men sorely, and brings many to the ground who survived the first year or two without difficulty.

This applies to men in almost every line of business, both wholesale and retail, both manufacturing and commercial. And this is precisely what is going on in Canada in many quarters at the present time, and also in the United States.

So far as the sawed-lumber trade is concerned it is purely a question of the condition of business in that country. But until there is some settlement in political matters and some rational and permanent basis of a financial and banking policy arrived at by the Americans, it is