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THE CANADA LUMBERMAN is published in the interests of the lumber trade and of allied industries throughout the Dominion, being the only representative in Canada of this foremost branch of commerce of this country. It aims at giving full and timely information on all subjects touching these interests, discussing these topics editorially and inviting free discussion by others.

Special pains are taken to secure the latest and most trustworthy market quotations from various points throughout the world, so as to afford to the trade in Canada information upon which it can rely in its operations.

Special correspondents in localities of importance present an accurate report not only of prices and the condition of the market, but also of other matters specially interesting to our readers. But correspondence is not only welcome, but is invited from all who have any information to communicate or subjects to discuss relating to the trade or in any way affecting it. Even when we may not be able to agree with the writers, we will give them a fair opportunity for free discussion as the best means of eliciting the truth. Any items of interest are particularly requested, for even if not of great importance individually, they contribute to a fund of information from which general results are obtained.

Advertisers will receive careful attention and liberal treatment. We need not point out that for many the CANADA LUMBERMAN, with its special class of readers, is not only an exceptionally good medium for securing publicity but is indispensable for those who would bring themselves before the notice of that class. Special attention is directed to "WANTED" and "FOR SALE" advertisements, which will be inserted in a conspicuous position at the uniform price of 15 cents per line for each insertion. Announcements of this character will be subject to a discount of 25 per cent, if ordered for three successive issues or longer.

Subscribers will find the small amount they pay for the CANADA LUMBERMAN quite insignificant as compared with its value to them. There is not an individual in the trade or specially interested in it, who should not be on our list, thus obtaining the present benefit and aiding and encouraging us to render it even more complete.

TRADE-RETROSPECTIVE AND PROSPECTIVE.

THE general managers of the Bank of Montreal, the Merchants Bank of Canada, and the Canadian Bank of Commerce, the three largest monetary institutions in the country, have each given to the public, the usually carefully considered address, that accompanies the annual financial statement of their respective institutions. No more able resume of the commercial conditions of the entire Dominion, and, to some extent, a forecast of the future, can be found than that furnished in the annual utterances of these gentlemen.

It is perhaps not always wise for business men to accept the *ipse dixit* of any one person, as a safe guide for the conduct of their individual business, but the opportunities, of the heads of these large monetary concerns, to gauge the conditions of business at all points, both in our own Dominion and neighboring countries and across the sea, and from this data to prepare a careful diagnosis of the entire situation, is so exceptional, that we may take their utterances as exceptional too, and carefully con and study them.

The address of the chief officer of the Bank of Montreal was taken up largely in answering the criticism of shareholders, caused by the reduction of profits, during the last half year, to 1½ per cent., where 5½ per cent. had been the usual average for a six months' period. His reply, we believe, was satisfactory to those directly interested, while the report of affairs generally showed the bank to be in a thoroughly healthy condition. It was a case of a new manager, who felt it to be his duty and the wise course for the Bank, at the outset of entering office, to sharply scrutinize all assets and make provision for possible losses, that had hitherto

been counted as more substantial properties. We want no better evidence, however, of the sensitive nature of commerce, than the flutter of excitement that was created, when the bank statement was first issued, and before the manager's explanations had been made. A strong pronouncement is made for the enactment of legislation by which insolvent estates can be more equitably divided than is the case at present. It is worthy of note that the Merchants' manager presses the same matter upon the commercial public.

The general manager of the Commerce referred with pleasure to the increase in deposits, which in his bank had now reached the handsome figure of fifteen millions, and which showed a permanent gain during the last five years of about five million dollars. The failure of the Barings is made the subject of comment both by Mr. Walker and Mr. Hague, the former quoting the remark of a witty statesman, who classed this banking firm some years back, along with the five leading nations, as the sixth great power of the world. Mr. Hague makes the occasion one for reading the mercantile world, and bankers as well, a common sense lesson on the evils of over-trading. Men go into business without any capital and the outcome is purely speculative with the odds terribly against them; retailers strike out as wholesalers, with insufficient capital, and too often the end is only disaster; and wholesalers, with a moderate capital, become ambitious to extend their borders, and get beyond their depth. A house worth even a million, may over trade as well as any other, and "this affair of the Barings," says Mr. Hague, "is a terrible lesson in this direction."

The special reference by the Commerce and Merchants managers to the lumber industries, we print in full in another column. The former points out that "there is still in sight more timber than the total product of any year since 1881, although the amount made in the past year is only about one-fifth of that for 1889-90," and his argument is that the business can only be brought up to a healthy condition by manufacturing very little for another year. And the Merchants manager expresses the same thought in the sentence: "The lumber trade is gradually recovering itself through a heavy decrease in productions."

Deposits in the Merchants have increased considerably. The total earnings, while equal to the average of recent years, have been affected in a measure through the necessity of taking from them a larger amount than usual to provide against losses and depreciations.

Mr. Hague does not consider that his bank has been sufficiently remunerated for much of the business that has been done, and attributes this to the severe competition which has shown itself in banking, as well as in other branches of trade. "Many mercantile failures in this country," he says, have arisen from borrowing too freely," adding the sage remark, "I have never known any one to fail in Canada because he borrowed too little."

The present condition of business in the Dominion is pronounced prosperous in some relations and the reverse in others. In British Columbia and the Maritime Provinces business is reported to be in a flourishing condition, but this much cannot be said of Ontario or Quebec. The practice in Canada of both retailers and wholesalers giving long credits, is deprecated in vigorous language and sensible logic.

Time alone will reveal the real effects of the McKinley tariff. No pessimistic view is taken of the situation, for we are cheerily told that if one market closes another will be opened.

What of the future? These bank managers wisely refrain from embarking as market prophets, considering the occupation as uncertain as that of weather prophets. But the following closing words from the address of the veteran manager of the Merchants' will surely inspire hope and give courage to every true Canadian heart:

"As men are concerned just now about the position of the country, I may say that it is 35 years since I first entered a Canadian bank. Thirty-five years is not a long time in the history of a country, but during this short period I have seen the deposits of Canada grow

from fifteen millions to two hundred and twenty millions. This fact speaks volumes. In view of such a result in so short a time, one would be pessimistic, indeed, to have any doubts about the future."

LUMBER ON CREDIT.

It is only giving expression to a common place aphorism to say, that credit is an absolute essential to present day business. The commonwealth exists commercially as a result of credit. The Budget speech, of every Finance Minister, tells the story of borrowing to meet the requirements of government. Nor is this condition applicable to the older communities alone. Their credit, it may be; stands higher than the newer countries, and they may have occasion to exercise it less. They all do business on it. And just so soon as this credit becomes impaired, as much in the case of governments as individuals, as witness Portugal and the Argentine Republic to-day, then follows disaster, and possibly bankruptcy.

This line of reasoning might be followed out, from the commonwealth down to the smallest huckster who paces our streets or tramps our country roads. It is obvious to everyone. Credit is good and necessary; but its abuse, like that of every good thing is bad; and it is abused badly in this age. Every trade can make its own application. There are no exceptions, not even in the field of banking, as is pointed out elsewhere on this page.

Our reference is more directly to the lumber trades, and to our own country. In the ELI page in last month's LUMBERMAN, the opinions of prominent dealers were given. This month ELI has talked with others, and their opinions are recorded. What is the credit given by jobbers to dealers? Never less than three months. The best firms expect it, as well as the weakest, and they will not be satisfied with anything less. The credit does not end here. Renewals are the rule and not the exception. One large firm tells ELI, that their renewals run not less than 40 per cent., and the opinion is expressed that the general average, throughout the trade, is higher than this.

We show elsewhere the small profits at which much lumber is sold, as a result of competition. Add to this the interest on the credit given, and it is hard to figure the margin of profit, be it ever so small, that should be behind every trade transaction.

There would seem to be an aggravation of the matter that goes beyond anything yet stated. It is only local to Toronto, but this is the more reason, seeing that all parties concerned, buyers and sellers are here, that the remedy should be applied. A jobber receives an order from a local dealer for a certain quantity of lumber. It is sold at closest price, and is shipped direct from the mill to the dealer in the city. Probably the freight is \$25. Who pays it? The buyer, as is usual in commercial transactions? No! The jobber must pay out in cash the freight, add this disbursement to the customer's invoice, and take a three month's note for the whole. In some cases this will be extended on another three month's or even longer.

We write in the interests of retailer, even more than jobber, when we say that these conditions are decidedly unhealthy. Three months time on a product like lumber, which calls for continuous outlay, from the tree in the forest until the manufactured article is turned out, is not safe trading. No such credit is given on lumber sold to American firms. They do not expect it. Cash or 30 days at the outside is the rule. Who will say that these men are less successful than our people? The contrary is the case. The long credits kill. "Numbers of our failures," says the manager of the Merchants Bank, "can be traced to it and a good proportion of our bank losses."

The evil exists. What are you going to do about it? It does seem to the LUMBERMAN that the jobbers have the remedy in their own hands. We would not say that the men engaged in this trade are so imbued with a spirit of jealousy, one towards the other, that they cannot be got close enough together to reach a conclusion, that would help each one individually and that would be a boon to the entire lumber trade. And most of all to the men today, who think they cannot exist without 3, 6 or 9 months time on their lumber. The very fact, that this time is needed, is the strongest evidence that at the best they are not more than existing.

THE LUMBERMAN suggests a prompt, practical and common sense move on these lines.