

adoption of the protective system, in order to guard her own interests, but it is to be hoped that the Dominion will never carry the principle to the suicidal extreme which has obtained in the United States. How the industries of the United States are suffering to day from over production, brought about by the high protective tariffs in existence there, is well known, and the evil is likely to become still more aggravated, unless following in the wake of Great Britain she adopts something nearly approaching a free trade system. Outside of the vested interests that have been forced into existence there is all over the United States a strong feeling in that direction and we venture to say that it will not be many years before the Government of that country will be forced by the great power of public opinion to take some steps to remove the obnoxious burdens which they themselves have created.

FINANCIAL FLUCTUATIONS.

There is a time in the history of every new country, when its financial affairs seem to run direct and almost without guiding carrying an epidemic effect in their track. At such times serious danger is greatest, and the malarial effects of over-confidence are too likely to develop into an epidemic of general mistrust. There is also a time of the opposite extreme, when it is considered recklessness to go beyond the limit which will admit of anything beyond mere existence to the trade and enterprise of the country. This symptom follows the former, just as surely as a state of powerless somnolence overtakes the boa constrictor after it has gorged itself with a ponderous prey. A work of progress and development goes onward like all other great works by fits and starts, and the more erratic or exciting these may be, the more depressing if not protracting must be their reactions.

It is unfortunate that the periods of gushing prosperity are as a rule so short in duration compared with the lengthy experiences which usually follow. While the desire is so strong in men, and especially in men who adopt a new country as their home, to gain riches these fluctuations to extremes must continue, and the balancing power of remaining long on the summit of prosperity must be sadly deficient.

But between these two extremes lies the period of recovery, the time when every symptom of returning health begets new vigor, and stimulates to fresh effort. It

resembles the recovery of the naturally rugged patient after a protracted fever has expended its force, and an emaciated but purified system inhales with every breath new strength and new hope.

Those who have lived in the Northwest, and especially in Winnipeg during the past two years, cannot but see how truly these symptoms have been developed in this country. The period of over confidence was of short duration, the period of prostration has been severe and complete, and now that the whole business structure of the country has been purged by a fiery fever, the signs of returning health are making themselves every day more apparent, and the time is but short until the full power of financial ruggedness will be reached. As in all cases of recovery confidence and hope are two very necessary elements, and it is satisfactory to note that these are once more general in the Northwest.

EXPANSION OF CREDITS.

The attention of readers of the COMMERCIAL has been heretofore directed to the ease with which credit can often be secured. Cheap credits are the bane of trade, and are in every case attended with more or less danger. But merchants are nevertheless very liable to enter into competition, in which possible or even probable consequences are apt to be lost sight of in the effort to dispose of goods. Years ago in the earlier history of mercantile transactions a long credit system was almost indispensable. This was before the days of rapid transit afforded by the railway and steamship facilities that now exist. Distribution of merchandise was then necessarily slow, and the consumption of goods was also not so great as now. The percentage of profit was, however, large in those days, and the expenses of conducting a business, and of living, were much smaller. The long credits of those days could hardly be avoided. But it must ever be remembered that there is a vast distinction between long credits and unsound credits. As distribution became more rapid, merchants richer, competition greater and the percentage of profits less, credits were shortened until the majority of large dealers became close buyers for cash. But this system of conducting business was not generally adopted until the long credit system that previously existed had been abused to an enormous extent. There was a period of inflation, the cul-

mination of which in 1873 resulted in a long and severe period of liquidation. After that business was brought down to as near a cash basis as possible, though this was more especially the case between first and second hands. Of late years there has been a gradually falling away from this healthy mode of conducting business. Longer time has been given on purchases, and this has been aggravated by a system of dating ahead. The wholesale men introduced the system themselves, and the result was that customers soon learned, once this concession had been made, to hang out for still longer periods of credit, which in too many cases they succeeded in obtaining especially when stocks happened to be large. There is no disguising the fact that dating ahead is one of the greatest evils of trade to-day, and it has still the same old tendency to grow. Merchants know this and would gladly stop it if they could. But it is much easier to introduce an evil than to eradicate it, and this many have found to their cost. Wholesalers require more capital to do the same amount of business, and retailers requiring less capital are often tempted to expand their operations beyond the limits that prudence would dictate, and which would never have been attempted only for the cheap credit that was going. The system may work well enough while everything is "booming," but when the period of depression comes there is bound to be more or less trouble, and then it is easily realized what a foolish course has been pursued. In order to stem the current in this direction some organized action is necessary among business men. If this is not done the dangerous unmercantile system will ultimately result in something perhaps more serious than we would wish to anticipate. The dangerous facility with which men with little or no capital have been able to obtain credit is detrimental to safety in business. The general cheapening of credits puts the commercial system on a hazardous basis, and this is a fact which many in the Northwest know to their sorrow to-day. Events, with which the trade of this country are sufficiently familiar, it is true, have had an influence in restricting these evils for the present, and there is no doubt but that greater caution is being exercised. But for all that there is a danger that the remedy has not been radically applied. To be safe the cautery, must be brought into use, and the very roots of the system destroyed. There is no question of more vital importance to the commercial interests of the country, and especially in a new and growing territory like this.