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THE WORLD'S HARVEST.

Harvest prospects and the prices that are likely to rule are two things on which, in this country, much depends. The harvest will probably be good, in Ontario, and the area sown in Manitoba justifies the expectation of a large aggregate increase in the amount of wheat for export.

Prices of wheat will depend upon the total production of the world relatively to the demand, the rates of freight and the quantity left over from last year's crop. In Europe the price of wheat is nearly as low as it has been at any time within a century; and it is the more remarkable that this occurs a few weeks before the new harvest, a time when prices are generally above the average of the year. Even before the average price can be reached, there will be much leeway to be made up. It is too soon to ascertain what the prospect of the world's crop will be; the indications are that there will be a full average, and it is certain there is a tendency to increase exportation from certain countries. The wheat exporting countries of previous years are meeting new and more formidable competitors. Of these India is the most powerful, with, apparently, great possibilities of increase. The Australian wheat crop, by this time harvested, is reported to be much above the average. In Great Britain, the prospects are that the year's crop will be better than that of 1883, and France is expected to produce an average crop. From Germany, Denmark, Holland, Belgium and Italy, only unfavorable weather, between now and harvest, can reduce the yield below the average. Egypt and Morocco are assured a full measure. From Austro-Hungary and Roumania come whispers of damage to the crops; and in Russia the prospect varies, in different localities, but on the whole seems to be good.

Stocks in Europe are believed to be large, for this time of year; and in India there remains a good deal of wheat to come forward. Only a deficient harvest, of which there is no sign, or an extraordinary demand, of which appearances do not favor the expectation, could cause any material increase in prices. There is no question that, relatively to the demand, there has been an increase of production. The extra competition has been

much felt by European agriculturists, where land is dear and rents high. The complaint is made that much European wheat has been sold below the cost of production. If this be true, the production of wheat for exportation, in countries outside of Europe, is determining the price at the centres of consumption. But wheat cannot long be sold below the cost of production, though the cost of production may be lessened by a lowering of rent; otherwise, the growing of wheat on soils where it would not pay the cost of raising, must cease. If this should happen, there would be a tendency for prices to recover, by contracting the circle of competition.

The reduction of freights, which has been carried to an abnormal point, favors the European consumer and the distant producer, at the expense of the European farmer. Cheap freights enable the American, the Indian, the Russian, and other producers, to place wheat in London and Paris, at lower figures. But in all the exporting countries the competition has been keen; it has been said that many of them have been sending their surplus wheat to Europe, at prices which did not cover the cost of production. This somewhat startling averment needs confirmation. If true, it shows a state of things which cannot last; no country can long afford to sell wheat below cost; wheat culture would, if the price did not cover cost, have to be diminished out of Europe as well as in Europe, until the equilibrium was restored. The carriers of the wheat, sold below cost, are said to have been working without profit; and if so, this is a state of things which must right itself. The building of new vessels must, in such a state of things, decrease. This has actually happened, and, on the supposition that the facts are correctly stated, a diminution of tonnage must be brought about by the natural process of wear and tear. But some exaggeration may be suspected in the statement that part of the world's tonnage engaged in the shipping of wheat has latterly been altogether unproductive. Still, if not absolutely true, it is very near the truth. Great Britain is reported to have a surplus carrying power of three millions of tons; hundreds of vessels, steam and sail, are unable to find employment on any terms.

Are, then, the Malthusian laws being repealed? Is it true that population nowhere presses on the means of subsistence, and that the fact of a superabundant production of wheat places an abundance of food within the reach of all? Unfortunately, it is not true. Take an example from the facts before us. The excess of tonnage throws shipbuilders out of employment, and men without wages, in a time of plentiful crops and low prices, are liable to suffer the pangs of hunger. The pressure of population on the means of subsistence is not universal—it never is—the contact is confined to certain points, which are, according to circumstances, more or less numerous. In the midst of the greatest abundance, there will always be men without the means of buying food.

The present is a period of transition, which must lead to a readjustment. If it be true that in Great Britain, France and Germany, wheat is being grown at a cost which prevailing

prices do not cover, and if the same thing is happening in wheat exporting countries, outside of Europe, the loss cannot long be sustained: where rents do not come down, in Europe, wheat lands must go out of cultivation; and out of Europe something that will pay the cost of production must be grown instead of wheat. This diminution of culture would of itself raise prices. The world's production of wheat can never, for any length of time, exceed the consumption. If production were greatly increased, additional mouths would come into existence to restore the equilibrium. Starvation freights are already regulating themselves. When the transition period, through which we are passing is over, things will, through a readjustment in harmony with the new conditions, resume a normal condition.

FICTITIOUS STOCK TRANSACTIONS.

Recent suits between brokers and clients have disclosed the fact that sometimes stocks supposed to be held on margin, are not so purchased or held at all, that the loan on which interest is paid by the speculator, is never really made; and that the only *bona fide* thing about it is the interest paid upon the supposititious loan. In this way, infinite inflation would be possible, if it were not for the check which the limitation of the amount available for interest imposes. Every share of stock fictitiously supposed to exist, for purposes of this nature, would be capable of affecting the price of the whole, as much as if it had an existence in fact. A stock being in excess of the public demand, every share, real or fictitious, that a stake can be laid upon, is practically an addition to the amount in the market. The more there is on an overloaded market, the lower will be the price. These fictitious sales create fictitious prices, to the injury of the genuine holders of stock who may desire to sell. The practice in question may have been one of the reasons why more Federal stock did not find takers.

A person who buys stock on margin is interested in the price being raised above the figure at which he purchased. In this rise lies his chance of profit. But when the stock which he fancies has been bought for him is not bought at all, there is a fictitious transaction, equivalent, for some purposes, to a creation of so much stock, at no cost at all. The nature of the transaction, by nominally increasing the quantity, is one that tends to lower the price, and thereby to defeat the object of the purchase. The rule would be that a purchaser of stock for a rise, who is made to deal in the fictitious article, must lose. Exceptions there may be in practice, caused by some accidental aberration, but this must be the rule. The principle must be that an agent cannot be allowed to do an act which he was not authorized to do, and which must prove detrimental to his principal.

The analogy of this transaction, to an increase of irredeemable paper, is very close; the only difference being that the paper has to be printed, while a false addition to stock may be made without the cost of printing. When the channels of circulation are encumbered with irredeemable paper, every addition to it has the effect of decreasing