

sins than properly belong to it, we think it has plenty of its own to answer for, and must stand or fall on its merits.

In connection with the failures of last year we think the worst charge against it is that by the specious promises of its advocates many were inspired with delusive hopes which could not be realized, and only left them more hopelessly involved than they would have been if they had made some arrangement at once.

Another cause for the extraordinary Canadian failures last year was the fact that 1878 was the darkest year the United States had seen since the commencement of the late depression. As the returns show, they had that year 10,478 failures, amounting to \$234,383,132. Such a state of things across the border could not help affecting very materially the prosperity of this country, for our trade relations are so closely interwoven, that what affects the United States must reflect its influence on us whether it be prosperous or adverse. These effects, although certain, are not always immediate, and we are strongly of the opinion that to the working of this sympathetic trade feeling may be traced a great many of the commercial disasters of last year.

Another, and perhaps as strong a reason as any for the apparent difference in prosperity between the two countries, is the fact that the extraordinary amount of failures in the United States in 1878 was caused in no small measure by the action of the people themselves, and was the result of an attempt (and a successful one) to place their business upon a cash basis. The consequence of such an action upon the part of the manufacturers and wholesale merchants, was that the weak kneed had either to pay up or go under at once, and although the number of failures was unprecedentedly large, the effect was to benefit those who were solvent by weeding out those who were unworthy of credit, and to put business upon a much sounder basis than it had occupied for years.

The wisdom of this policy has been clearly demonstrated during the past year, for although there were in the United States 27,416 more traders than in 1878, there was 3,820 failures less than in the year previous, and a reduction in the amount of \$136,234,079.

The manufacturers and wholesale merchants of Canada, on the contrary, have been slow to adopt this very practical lesson, and it was only in the spring of 1879 that any decided attempt was made

amongst them, either to curtail credits or deal more vigorously with delinquent debtors. This attempt, although neither general or united, has not been unproductive of good results upon the various branches of our trade, and we may trace some small share of our present prosperity to this cause, which, although apparently disastrous for the time being, cannot fail in the long run to be beneficial to the country.

The fact of the matter is (and it is really the pith of the whole question) that there are too many people in business in Canada both in the wholesale and retail trade, and as a natural consequence, competition is extremely keen, and credit by far too cheap and easily obtained. So anxious have wholesale merchants been to do business that almost any person, no matter what may be his character or antecedents, can get credit from some house or other; is it any wonder, then, that failures are so common, when men without either capital or character, and oftentimes without any knowledge of the business they embark in, can get all the goods they want on time? In Canada we have one person in business for every seventy-two people that are out of business, a number which we consider is entirely out of proportion, considering the average wealth of our population.

The only thing, we think, that can permanently improve our trade is a more rigid method of dealing with insolvents, and a weeding out of those merchants who prove themselves either dishonest or incapable of properly managing their business. If this were strictly adhered to we would soon find that although for a time our failures would apparently increase, the country would become much more prosperous, for the incapable or dishonest traders would be compelled to become producers, and thus afford a better chance to those who were left.

From this stand point we look on the figures of last year's failures with some small degree of satisfaction, and seem to catch through the rift of adversity's dark cloud a glimpse of the silver lining beyond. In spite of what some may say, we think that the country is more prosperous than it was a year ago; we have fewer men in business, and as a rule they are sounder financially, and are meeting their obligations better.

The abundant harvest of 1879 has only begun to make itself felt, and the extra millions which we must realize from this source alone cannot fail to help in bring-

ing about a better state of things. Our lumbering interests are again looking up, and with the return of prosperity in the United States we are having a greater demand and higher prices for all the lumber we have to sell. These and other causes will, we think, make this year a much more prosperous one than the last, and we trust that when Dun Wiman & Co. come to issue their next annual circular, it will be found that the year 1880 will show a decided improvement over any of its predecessors during the last decade.

The Future of Canada.

The political organs have lately been discussing at considerable length, and with no small amount of bitterness, the future of Canada, and while each party has been trying to shew itself superlatively loyal to the British Crown, it has been trying to throw the onus of the late discussion upon its opponents. We do not intend to discuss this question at any length, but simply to look at it from a different point of view from the political organs. We are not a nation of politicians who can be agitated by the chimerical idea of preserving the balance of power on the American Continent, but like our neighbours in the United States, one of merchants and agriculturists, and our view of the situation therefore, should be an extremely practical one. One thing is certain, we cannot always go on as we are, for questions will arise in which our interests must clash with those of the mother country, and it is hardly to be expected that we will always be willing to sacrifice ourselves for the benefit of our relations across the Atlantic. Another thing is almost as certain, that in the not far distant future one of three things must happen to Canada, viz., (1) Union with the United States, (2) Federation with England, (3) or Independence.

In reference to union or annexation with the United States, we think that the least practical solution of the three ways.

The Canadian people as a rule know too much about the United States to voluntarily enter into a partnership with them, and we are strongly of the opinion that the people of the United States will never try to annex us by force, even if they were certain of succeeding in the venture. From a commercial standpoint we think that such a union would be disastrous to many of our interests. It is true it would be beneficial to our lumbermen, and it might advantage our farming population