

BUSINESS PROSPECTS.

The question universally agitating the business community at present is whether we have passed the worst or not. The past nine months have undoubtedly been the most trying the country has experienced for many years—perhaps since 1857. The number of failures has been very large, and for some time previous to the repeal of the old Insolvent Act the rush to assign was unprecedented. And there is still a strongly developed feeling of uneasiness as to the future, a want of confidence both in business enterprises and business houses. It is not that money is so particularly tight at present. There have been times during the last few years when it was much more difficult to procure than now. But the difficult point is to give good security for it, to offer what is technically called "good paper." There have been so many revelations of late, tending to throw suspicion on paper offered for discount, that it cannot be wondered at if banks are now very hard to satisfy. Merchants in the most respectable standing have been found manufacturing accommodation bills, and in such a plausible manner as to show an intention to deceive. This is so grave a feature of our commercial life that it merits more attention than it has received.

It is very much to be feared that there is still a great deal of unsoundness in the business community, and that many houses and firms are still trading on a mere bolstered-up credit. We shall never, of course, reach such a happy mercantile consummation as that failures shall be unknown, at all events, until men are universally honest, prudent, and industrious. That need never be looked for. And we must not allow our judgment to be carried away to far in the direction of despondency because the failures for some time back have been exceptionally numerous. Under any circumstances a good number of failures would have taken place. The point is to ascertain fairly how much of excess there has been above the average. The chances and changes of business will always affect houses and individuals that have stretched credit very far. Some interest is always depressed. And in that line of business there will be failures.

Giving due weight to all these considerations, and taking in every aspect of the position, our judgment of the condition of matters is this: So far as monetary ease or stringency is concerned we think there is a fair prospect of ease rather than tightness. We have undoubtedly a splendid harvest in Ontario and at least a very fair harvest in Quebec. In this we include, of course, dairy products, even though cheese is de-

pressed. There is a little more animation in our great staple of timber of various kinds. Sawn lumber, however, must not be included. We are likely to have a good demand for most of our products, and to sell them at good prices. On the other hand we are diminishing imports. So, at least, appearances seem to indicate. All these things, when put together, indicate that money may be rather abundant than otherwise, unless the Government makes larger expenditures on public works than they have contemplated, and draw down the balance they have in the banks to much lower figures than has been expected. There need be no fear that money will not be forthcoming for the moving of the crops; nor for the carrying on of any legitimate business enterprise.

But this by no means supposes that money will still be furnished for continuing enterprises that have been proved to be illegitimate, or operations stretched beyond what prudence would justify. Many enterprises have been tried and found wanting during the last few years. And many men have been pushing business far beyond what was safe and reasonable, owing to the ease with which money could be borrowed from the banks. We have often pointed out the enormous increase of banking loans and discounts during the last few years, and have expressed the opinion that much of this indebtedness was unsound and illegitimate. This has undoubtedly been the case. New banks have been established, and have competed sharply for business. This has tended to break down the old conservative methods, and to give an advantage to the speculator, which he has not been slow to use. We believe there are millions of our bank loans which rest on a basis that never ought to have been allowed, and never would have been allowed if competition in banking had not been so keen. The multiplication of banking institutions has now received a decided check, and so probably has the multiplication of young and new firms, all eager to push business on borrowed money. And, for some time, we may expect a sort of weeding out process to be carried on. This will involve the stopping of not a few who are stretched beyond the limits of prudence, and who are merely sustained from week to week by the forbearance of their creditors. And we all know how in matters of this kind the circle of mischief spreads. One house owes another, and that another still. So that failures may take place of which the first moving cause was so remote that the parties to it are not known.

But this will prove a salutary process in the end. No one can doubt that there are

far too many persons engaged in mercantile business, especially in the smaller towns and villages. To take away one out of every four would be a most beneficial process for all parties concerned. The remaining three would then have a good chance of a decent living, while the risk of the wholesale merchant would be immensely diminished. Failures would be reduced to less than half the average number of the last few years (not to speak of the last few months), and if the persons who have been crowded out of trade would only betake themselves to a country life, production would be increased and the community immensely benefitted.

Our expectation then is that bankers, while having a fair supply of loanable funds, will be far more particular than formerly in seeing that they are used for legitimate purposes, and that their customers are carrying on business in a proper way. As there are many who cannot bear the process of contraction, and live merely on an illegitimate credit, we may expect failures from time to time, amounting in the aggregate to considerably more than the average. The weak and unsound men have not all gone to the wall. Numbers of them are still able to keep themselves afloat, some not being yet found out, and others being carried on till some process of security is being completed. Probably this state of things may last a whole year. Something like it has existed in New York and London for some time back. Money on undoubted security can be obtained in those cities almost for nothing. Money for doubtful and speculative undertakings cannot be had at any price. Here we may look for sharp discrimination of the same character. Undoubted men will be able to get all they want, and at a moderate price. And money will be readily forthcoming to move the crops. But doubtful men and speculators of every class will have a hard time of it. The general volume of business will certainly be contracted. But this is by no means an unmixed evil. If less business is done, and credits are at the same time shortened, we shall realize as much profit, and with infinitely less anxiety and heart-burning.

SAFEGUARDS AGAINST DISASTERS AT SEA.

Mr. Plimsoll has rendered himself celebrated by his efforts to prevent casualties at sea, and the consequent loss of lives and ships which take place. A few Plimsolls scattered throughout the maritime parts of the globe would do immense