

show that the whole system on which these judgments proceed requires to be reformed.

COMPETITION IN TIMBER WITH NORTHERN EUROPE.

At the time when our own timber trade gives signs of improvement, it is important to know that we are not threatened with any undue competition from the North of Europe; and on this point the facts are reassuring.

Sweden and Denmark find their timber trade with Germany more or less threatened by Bismark's protectionist policy. The Reichstag has under consideration the question of imposing duties on woods more or less manufactured; and those engaged in the trade are in a state of unpleasant anxiety. The proposed tariff is high, and if it be adopted, it will have a depressing effect on some branches of the lumber trade of Sweden and Denmark. On planed deals the duties would fall with peculiar weight, and would, it is thought, put an end to their importation. The effect would probably be to close some large planing mills in Sweden, where that branch of industry has reached important proportions, and in which large numbers of persons are interested. There are calls for reprisals in the shape of an exceptional tax on German vessels; but they are not likely to be responded to.

Should the proposed new German duties seriously affect the trade with Germany, the result might be to cause Denmark and Sweden to press their woods on other markets at low prices. In this way, Canada might feel the competition. It is important to know if this is likely to occur. The trade is now in a very unsatisfactory condition, in Sweden and Denmark. During the month of June, the quantity exported from the Gulf of Bothnia was about an average, but prices were low. Stocks of red staves, for instance, in the hands of dealers do not increase, and a better price is expected to be realized next spring. Many vessels, steamers and sail, ordinarily engaged in carrying lumber in the interior, are laid up for want of cargoes, and those that find employment get only half the amount of the usual freights. This is regarded as proof of a serious reduction in the production.

In this state of the matter, Canada lumberers have not much to apprehend from North of Europe competition. Besides it is not at all certain that the proposed German duties, if levied, as they probably will be, will reduce the quantity of timber that will be imported. The effect will be to cause the unmanufactured article to be substituted for manufactured. Indeed that is the object aimed at: to cause German labor to be sub-

stituted for the labor of Denmark and Sweden, in the preparation of timber for use. The attainment of that object need not necessarily decrease the consumption to any appreciable extent; and it is obvious that the condition of the production, in the North of Europe, does not offer any serious menace of competition to Canada. It is possible that the production may be somewhat greater than appearances indicate; that the diminished interior movement of timber there is in part due to a want of purchasers, and that the timber, instead of being brought forward to the seaboard, remains in the interior awaiting a demand. But it is more probable that the cause of the decline of the interior commerce that has been assigned is the true one, and that there has been a great decline of production. This is what might be expected to occur among a prudent population, as a result of the long depression in the lumber trade.

THE CONSOLIDATED BANK.

The Montreal *Star* contains what purports to be an interview between one of its reporters and Sir Francis Hincks, President of the Consolidated Bank. Sir Francis denied the rumor, said to be in circulation, that the Directors are trying to get proxies to enable them to control the next election of Directors, and keep themselves in office. But he admitted that some of the Directors are purchasing stock, which he thought legitimate, though he had not purchased any himself. The reason given for the purchase is that the stock they now hold was purchased at high figures; and that they hope to lessen their loss by purchasing at low figures now. We cannot agree with Sir Francis that trafficking in the stock is at present legitimate; because, as a general principle, it must be dangerous to transfer the stock of a suspended bank, if it were legally possible to do so. The Consolidated will probably have no difficulty in paying all its debts, without assessing the stockholders on their reserved liability; and therefore no particular harm might come of a transference of stock. But if suspended banks were at liberty to transfer their stock, great evils might happen with a bank in the position of, say, the Mechanics, which cannot pay more than sixty cents in the dollar, without having recourse to the double liability. If transfers of the Mechanics Bank stock could be made, there would be danger that the substantial holders would sell out to men of straw. We believe that, as a matter of fact, no transfers can be made of the stock of a suspended bank, and that all agreements to sell must be contingent on resumption or

liquidation. But if transfers are being made, as is reported, they are illegal, and ought to be put a stop to.

Sir Francis denied that false returns had been made, and branded the charge as absurd. What is meant is, we suppose, that the publication of false returns is extremely improbable, and is utterly unworthy of belief. But on another point, he admits the existence of moral turpitude, unknown to the Directors, which might almost be placed on a par with the publication of false returns. "If," he is reported to have said, "any one believes that a bank manager cannot keep the true state of affairs from the directors, that man knows nothing about banking." This was said in defence of the ignorance of the directors that excessive advances had been made to Ascher & Co.; and the conclusion cannot be avoided that this is intended to insinuate that special means were taken by the manager to conceal the real amount of those advances. If so—and we do not wish to express any opinion that would prejudice the case against the late Manager—deception practised on the Directors may morally excuse them, provided they took reasonable precautions to inform themselves. What reasonable precautions would be is a question. If the books showed the true state of these advances, we suspect the Directors would plead ignorance in vain; for it may reasonably be said that they ought to have known what the books showed about so large an account as that of Ascher & Co. The President admits that this and other firms received too much accommodation; and it remains to be seen whether all the blame of this mismanagement rests with the late Manager. Sir Francis, speaking for himself and his fellow Directors, is reported to have said: "We cannot be blamed for people getting more accommodation than they should have got, when we knew nothing about it." But, it will not be denied that, where advances are large, Directors ought to know what they are, and whether they are excessive. They can only excuse their own want of knowledge if it can be shown that they took reasonable pains to find out, and that the truth was fraudulently concealed from them. Of course the term excessive advances must be understood with some reservations. In one sense all advances that prove to be beyond what the receivers are able to repay are excessive; but the best precautions will not prevent losses from this source. Excessive advances must therefore be understood to mean more than a man of average prudence would make to particular individuals or firms. In this sense, and in any sense, the