

so, bends to the south, and follows the line of junction of the woods with the prairies to a great distance. The water is deliciously pure and fresh, and gratefully cool in summer, and the stream abounds in fish principally carp and pike. The settlement, such as it is, consists of some thirty families, some of who are Canadians, with a parish church, though not as yet a resident cure. It owes its origin to the last great overflowing of the Red River, which forced numbers of the settlers to seek a less exposed district, and at present it is one of the two parishes which suffer comparatively little from the calamities of last summer. The settlement, as compared with the tract fit for settlement is, of course, a meagre affair; and it is of the latter the writer desires to give Canadians some idea, pre-empting it to be, as it doubtless is (with one exception), an index to the country west of it. The exception referred to is the great abundance of wood which stands ready for use when the mighty wave of immigration pours in to possess and occupy. From this point, a level and unbroken forest stretches eastward for 60 miles to the Lake of the Woods. This forest bears but little resemblance to a Canadian one. It consists principally of aspen, generally of small girths; white spruce, of fair size; some oak in places; considerable quantities of juniper (the Canadian sand-rack), and white cedar, together with balsams and immense quantities of quaking or red willow, the inner ring of which is universally used in this country as tobacco. There is a species of fir, too—the Banksian pine, closely allied to the red pine of Canada. It is rare, however, though a large piney is said to exist about the sources of White Mouth River, many miles east of this. Most of these woods are substitutional or secondary. The primeval growth was possibly oak—an immense forest of which probably at one time covered the surface, now usurped by lighter and inferior timber. The charred oak stumps are still to be seen here and there amidst the young aspens which have sprung up in their stead—just as the poplar or cherry usurps the place of the pine in Canada. A great quantity of young timber has been destroyed by fire, and a still greater quantity by wind-fall—the force and range of which must have been terrific for everywhere are to be seen trees whose tops have been snapped off like pipe-stems, and the earth is strewn with their trunks in all directions. So speedy is growth, however, that but few vacant places are now to be seen; and the forest, if unmolested, will become denser and more valuable year by year. A coarse, nutritious grass is abundant everywhere in the woods, and the meadows, or muskegs, as they are called here, nourish an exceedingly luxuriant growth of “blue-joint” and hay. The soil which supports this vast expanse of wood is very poor indeed. There are portions, no doubt, where oats or potatoes might succeed ordinarily well, but even the best of it is inferior. The surface mould is nowhere more than an inch or two in depth, and the subsoil is a hungry compound of water-worn pebbles, gravel and sand. The value of the tract lies in its wood, and as a future nursery of wood, and in its hay meadows scattered at convenient intervals along the road line to the lake. It would seem, indeed, that the rich land begins where the forests end. No sooner will the immigrant, who has toiled his way four hundred miles westward from Lake Superior, emerge from the woods than he will feast his eyes upon one of the richest prairie tracts in America. One is afraid to speak what is merely the sober and now familiar truth, lest it should be imputed to imagination. For my own part, and much as I long, in common with every right-minded Canadian, for the honorable and powerful extension of our interests westward, I would rather than deceive any one in this regard. There is, in truth, a prospective poetry in the soil here—the poetry of comfort and independence; comfort not to be wrung from the sour and ungracious earth by slavish and destructive labor, and independence unpurchased by years of biting anxiety and a constitution in ruin. What would the young Canadian farmer, ploughing and cursing amongst his rocks, think, if told that within bow-shot from where I now write he could run a furrow for miles through a vegetable loam two feet? He has heard of Minnesota, perhaps, and its boundless prairies, but Minnesota is said compared to this. The best of it requires manuring after a few successive crops of wheat, whilst this would yield without manuring for a century. He has reaped, perhaps, his 20 bushels to the acre on his new land, and thought it a famous average. What would he think of the puzzle-headed and very unscientific Mr. Amable Ducharme (the ignorant yet somewhat agreeable old fellow from whom we rent our headquarters) reaping two summers ago 57 bushels of wheat from 2½ bushels planted?

A bill, pending in the Maine Legislature, and likely to pass, makes important changes in the insurance business as conducted in that State. It provides for an insurance commissioner to whom sworn returns must be made annually, and who has power to wind up the affairs of any State company that does not appear to be sound, and exclude from the State outside companies in the same category. Foreign companies will be taxed two and home one per cent on all premiums received in the State.

The Suez canal, which was to be open for vessels of the largest size, recently, is 26 feet deep, 80 to 300 feet wide and cost about \$30,000,000. It will shorten the navigation between Europe and India by about one-half. It belongs to a French joint stock company, and its construction is due to the genius, energy, and persistence of a grandson of Lafayette. About twenty thousand Europeans have been employed on the work, and are now settled in new towns along the line. A vast number of Arabs have also worked at it irregularly.

THE MISCONDUCT OF THE NATIONAL BANK.

THE errors and mistakes of the years just preceding 1866 seem numberless; every day brings out new ones. Even since we last wrote, the case of Overend, Gurney, and Co., which every one would have deemed exhausted, has presented a wholly new face. Mr. Edwards says that so long ago as 1859 the old firm had embarked in transactions, not belonging to the discount trade, so bad as to require “a system of concealment,” and so large as to need a special manager at the salary of £5,000 a year to keep them out of the Bankruptcy Court. But as respects an existing bank of large means and great credit, nothing has as yet appeared so bad as the case against the National Bank, upon which Vice-Chancellor Malins gave judgment on Thursday. He said that the conduct of the directors of that bank was “false, fraudulent, and fictitious,” and these are grave words when applied to a bank holding £5,000,000 of the money of others.

The main point of the judgment is very clear. The National Bank certified to the Committee of the Stock Exchange that “a certain embryo company—Lafitte and Co., Limited”—had £237,000 standing to its credit, and that a certain large number of its shares had been taken upon which £5 had been paid. Upon this the Stock Exchange granted a “settling day”: money passed, and the shares were quoted at a premium. But in fact no real money was paid on any such number of shares. For 40,000 shares only bills were lodged, which the National Bank discounted, and £230,000 out of the £237,000 standing to the credit of the Company was produced by the discount of those bills, and it was expressly provided that the £230,000 should not be drawn out by Lafitte and Co. until the bills discounted were paid, and when the bills became due they were debited to that account. The Bank therefore represented to the Stock Exchange and to the public that a great number of shares had been bona fide taken which had not been taken, and that the company was possessed of certain money of which it was not really possessed, but which was heavily mortgaged to the bank. The Vice-Chancellor has decided that the concealed mortgage of the alleged balance to the bank is of no avail, and that as the bank said it had received £236,000 of the money of Lafitte and Co., it must pay over £237,000 to the liquidators of Lafitte and Co.

We can conceive no more just decision, and though it may be appealed against we cannot suppose its reversal. The bank makes certain statements, in reliance upon which money is invested. These statements were false to the knowledge of the bank, and of course it must pay the money. No doubt it is hard on the shareholders of the bank who never heard of Lafitte and Co., but the directors are their agents; their actions are the shareholders' actions. The liabilities they incur are shareholders' liabilities. The difficulty is to explain how such a bank could commit such a folly. The reply is that there were two other companies—the Ottoman Financial and the International Contract—parties also to the transaction; that these companies were closely connected with the National Bank, because influential directors of the bank were also directors of these companies, and that the bargain was not a common bargain between two adverse dealers, but a peculiar arrangement by which one set of directors was pleased to oblige another set with which it was nearly connected. Probably the directors of the bank felt sure that the bank would not lose, but there was the greatest risk of loss because the bank had money and those it dealt with had no money.

The matter arose thus. M. Lafitte, a Paris banker, who still retained or seems to have retained some vestige of a business once first-rate proposed to transfer it to an English Company, Limited. And an agreement was come to with the “Ottoman Finance Company,” of all Companies, that it should take exclusively to Paris banking, subscribe for 36,000 shares in “Lafitte and Company,” and hand over all the assets “described as scattered though considerable” to that company in payment. But this, though good, was not good enough. M. Lafitte had something to sell, and he would not sell till 40,000 shares were taken by parties with money in London. Now the assets of the Ottoman Company, though perhaps ultimately valuable, certainly were not present money. In this strait the International Contract Company was called in to assist, and agreed to take 40,000 shares. But the same difficulty again arose—the International Contract Company had no money either. It had, however, what was as good, influential directors on its Board, who were also directors of the National Bank. They negotiated the loan from the National Bank to the International Contract Company.—the discount of the bills of the Contract Company by the Bank, and the agreement that the Bank was to hold the proceeds of the discount till the bills became due, and then debit the bills to the proceeds. The object was first to satisfy M. Lafitte, next to satisfy the Stock Exchange and conform to its rules, last, to satisfy the public and induce it to take shares. But all these three depended on one condition—that the shares were actually taken, and the money paid in their behalf really applicable to them. But in fact the shares were not actually taken by persons able to pay and willing to pay,—the money said to be paid in their behalf was only paid with one hand to be taken back with the other. At that time the money was paid to the credit of Lafitte and Co. in the books of the National Bank, it was mortgaged to the Bank by an express letter. Accordingly the whole arrangement was a fiction, and was only resorted to because it was a fiction. It was a means of letting some people seem to have money who in truth had no money.

There is no reason to doubt the substantial soundness of the National Bank. The Irish credit is good, and its Irish business profitable. But it is only saying what their recent statements reveal, and what has been long known in Lombard street—that before 1866 they had a great deal of money in London, and that they invested some of that money very idly. The

principal directors and managers now removed “financed” to an extent of which at the time the shareholders had but little idea. There were those two unpleasant items in their last profit and loss account—

Amount debited to this account for estimated losses on outstanding advances	107,065
Amount transferred from rest to guarantee account, pending the realization of collateral securities held for special advances, the deficiency on which cannot be ascertained.	323,410

Very serious items, indicating not only how unprofitable, but how absurd the business transacted must have been.

There are two minor but still important parts of this subject, one of which is satisfactory and the other not at all so. One is that the directors “who were” the main promoters of the scheme and took an active part were guilty of a gross breach of trust, and were “also liable to restore the fund.” As we understand, the National Bank must first pay £230,000 to the estate of Lafitte and Co. Limited, and then the faulty directors must repay to the National Bank as much of that large sum as they can.

This is very satisfactory; but it is much to be regretted that the liquidator of “Lafitte and Co. Limited,” did not see the National Bank for this important asset, but left it to be recovered by a mere shareholder, whose motives were liable to be, and were, in fact, impugned. The proper person to sue was the representative of the estate and the liquidator of the company. But that representative kept quiet and did nothing. We own this is very suspicious. Many estates in liquidation have suffered very much because debtors to the estate have secured the appointment of the liquidator and the management of the liquidation. We do not assert that such is the case here, but considering how much Lafitte and Co. Limited, was controlled by the National Bank and how many shareholders were probably open to their influence, it certainly looks as if the liquidation of the company had been mainly in the hands of the last person who ought to have touched it—a debtor to the estate of large though disputed amount.—*London Economist.*

MILITARY PREPARATIONS IN EUROPE.

A MILITARY correspondent of the *London Times* gives a picture of the present actual stage of military preparation in Europe, which shows that it is “without parallel in the world.” Five continental nations have five and a half millions of men either ready to march to-morrow or to follow at short intervals. These are the forces of the first-class continental powers, and do not include Great Britain, Spain, Portugal, Turkey, Greece, Belgium, Holland, or the Scandinavian nations. This immense number, moreover, only embraces the more active elements, and not the outsiders, who, it is considered, would be pretty certain to be called on if war should last two or three years, a contingency which would swell the sum, according to the estimate of the *Times*, to ten millions armed men. Five millions and a half of men already withdrawn from the work of productive industry, with the possibility, in the event of war, of the horde of consumers being swollen to ten millions.

The imagination is staggered at this stupendous enumeration; but the numbers, vast as they are, are practically multiplied at least five-fold in their capacity for destruction by the wonderful inventions and improvements which have been made in musketry, artillery, and all kinds of arms, in ammunition and carriages, in facilities of transportation and other points formerly unknown. It has been a favorite delusion of the idolaters of material progress that civilization is steam, gas, railroads, electricity; but, side by side with the triumphs of peaceful invention, or rather far ahead of them, is the “art of human destruction,” which the *Times* truly says, “has for many years been allowed to take precedence over all other arts. It has been studied with greater skill and made the subject of the most costly experiments.” Here, then, in the heart of Europe, the centre and capital of the world's civilization, stand five millions and a half of men armed with weapons made to carry as far and as accurately, and to fire as rapidly as possible, and thus to produce the utmost attainable destruction of human life. What an inconsistent being is man! What an anomaly in the whole animated creation! The fruits of his creative energies are blasted, ere they have fully ripened, by his appetites for destruction! With one hand he rears the temple of civilization, and with the other he pulls it down. Unlike the animals, he is involved in deadly struggles with those who are not his natural enemies, and whose slaughter is not demanded by any of his appetites. These five and a half millions of European soldiers who are now standing ready to rend each other at the word of command, have no hatred toward each other; no interest except in peace; do not desire to be where they are. Even their monarchs profess to wish for peace, and probably are sincere in the profession, but mutual jealousies have induced them all to arm, and thus Europe is covered all over with enormous heaps of combustibles, which any stray spark may set on fire, and involve the Old World in the horrors of a universal conflagration. Alas, why will the many thus allow the few to dispose of them for life and for death? Does not this condition of things give the lie to the boasted enlightenment and freedom of man at this period; and in looking at it may not one well ask if we be not still groping in the darkness of a stupid and boorish age?

While some Bostonians were deliberating at a recent auction sale of twelve hundred bags of Java coffee how many they should take, a bright New York business man, at the first bidding, took the lot.