

some measure an inevitable result of the times, not of necessity indicating incapacity, negligence, or other fault of the officials transacting the business.

A second incentive to the relaxation of care referred to is unwillingness to acknowledge or face a loss, while any hope remains of converting it into a gain. Let it be remembered that losses are not as a rule made suddenly, or at any given moment of time. Very few merchants can say on such a day or month I was solvent; on the following I was bankrupt. So with a bank, a large debtor whose credit is of the highest character represents that he needs extra accommodation for a short time, and it is extended to him. In time it becomes apparent to the bank that this debtor is really hard pressed, though it is yet understood that his assets are abundant to meet all liabilities. The question arises, wherein lies the real interest of the bank? Is it to press this debtor to the wall, and bring on, one knows not what, of commercial disaster? or is it to deal with him leniently and with all possible tact so that unnecessary loss may be avoided? Now if a money lender were to find not one but a number of his customers in some such condition at about the same time, the foolhardiness of precipitating a crisis would be all the more apparent, and the advisability of a temporizing policy would appear with almost the force of a necessity. Without secrecy such a policy would be the merest folly; it would defeat itself at the very outset. Here enters the wedge of error that, under the repeated blows growing out of protracted commercial disaster, too often has been found to split asunder established reputation, and force men of recognised ability and unimpeached integrity to posture before the public as utterers of equivocal statements of fact, supported by deceptive arrangements of figures.

From this point it is quite unnecessary to trace the workings of a gradually extending and more and more indefensible credit system. The forces which set it in motion manifestly act with increasing power with every new loss sustained. The birth of the evil is almost the sure pledge of its growth, save in any given case it be untimely cut off by means of a change of officers.

That the causes to which we have adverted—easy money, continuous decline in values, unnoted approach of insolvency to houses of the first class, and the insidious temptation of hope that the times would mend and all be well—that these have been in operation during the past four or five years in this country, to an extent never before known, is patent to all.

That these have worked with peculiarly disastrous force against the Consolidated Bank becomes apparent through the non-speculative character of the houses through which the Bank has chiefly suffered. If they are deemed sufficient to account for all the extraordinary losses made, then the whole matter must be regarded as a misfortune, traceable, in great part, to a misguided policy on the part of the directors. This explanation fits well with the high standing, the achieved distinction, and the life-time probability so largely represented in the Board of Direction; it calls for no effort of the imagination; it accords with recent financial history; it is consistent with itself and with every known circumstance bearing upon the case. Its effect, however, be it noted, is not to absolve from blame by any means, but to give right direction to such animadversion as may at present seem justifiable.

When a rational, and in every way adequate, cause can be assigned to any event it is the part of common sense to accept that cause to the exclusion of all others dependent, in any way, upon assumptions unnatural or improbable in themselves. For this reason we incline to hold the responsible management of the Consolidated Bank blameless of any more serious charges than those of crass ignorance of their duties, or, it may be, gross incapacity to discharge them, coupled with a withholding of confidence from the shareholders that may have had its origin in the purest of motives but grew into the character of bald equivocation. Under one or the other of these stigma, as it seems to us, they must rest. In such opinion we fancy the sober, deliberative, evenly-balanced minds of our business community will concur, holding all right of judgment in abeyance until the exact facts of the case shall be fully brought to light.

THE SUGAR DUTIES.

The new regulations in reference to the duties on sugars, referred to briefly last week, as recommended by the appointed board of experts to the Government, which it has seen fit to adopt, have caused quite an excitement amongst the West India merchants at Halifax, as the effect of these changes is to increase the *ad valorem* duty on sugar imported from the Spanish West Indies where export duty is charged, and also the *ad valorem* duty on all sugars imported to the extent of the loss in weight during the voyage.

The recommendations to the Government were as follows:

1st. Export duty forms part of the value

for duty; and in sugar invoices is not to be considered as an expense on which duty is to be remitted in cases of direct importation.

2nd. The practice of reducing the invoice value of sugar proportionally for loss of weight by drainage, wherever it has been in vogue, must be discontinued hereafter in the entry of sugar; the specific rate to be charged upon the actual weight as ascertained on arrival, and the *ad valorem* upon the actual value where purchased—that is, the value represented by fair and legitimate invoices being the amount the purchaser pays for the sugar.

As to the right of the Government to accept these recommendations and act upon them, there is, it seems, a considerable difference of opinion; and yet the questions involved may be discussed without taxing the Government with breach of faith in the matter, or, as the *Globe* insinuates, with "showing a desire that the Government's Montreal protégées should not be hampered by having to purchase sugar at Halifax."

In reference to the levying of duty on the foreign export duty, there cannot be any difference of opinion. Sugar cannot be exported from the Spanish West Indies without paying to the Government an export duty as a compensation for the loss to the country of the refining abroad of said sugar. This export duty is consequently part of the purchase price of the commodity, and falls, of course, under the duty *ad valorem* levied on its importation into Canada. It is the custom everywhere, in the United States as well as in Liverpool, to consider the export duty as part of the value of the sugar exported, and to levy the duty *ad valorem* on the value so found. The duty aforetime levied in Canada was discontinued this Spring, on the mistaken idea that it was included in the terms "charges and expenses prior to shipment." The reinforcement of the duty is the return to what had previously been in practice and is in conformity with the custom of all other countries.

The levying of the *ad valorem* duty upon the actual value of the sugar at the place of purchase, without any regard to the loss of weight by drainage seems justified by general practice and the general application of the same regulation to all the other articles of importation. There is no allowance made or expected upon any other goods on account of waste by their natural drainage, shrinkage or evaporation. Why should, then, the Customs regulation which is applied to all the other articles on which *ad valorem* duty is charged, be not also applied to sugar? The loss in weight experienced during the voyage by evaporation does not affect the value of sugar, as the amount of saccharine matter—the,