

IMPORTANT DECISION.

ELSEWHERE we publish an article from the London *Economist*, entitled "The misconduct of the National Bank." This "Misconduct," as will be seen by reference to the article, lay in the fact that the National Bank certified to the Committee of the London Stock Exchange that a certain Company, whose shares were about to be offered to the public had £237,000 to its credit with the Bank; whereas the truth was that the Bank had discounted for the company certain bills, the proceeds to be held and charged against the bills at their maturity, the whole credit being simply fictitious. The Company—Lafitte & Co. Limited—has since become insolvent, and a shareholder having sued the Bank for the £237,000, it has been condemned to pay that sum over to the estate of Lafitte & Co., and the conduct of its Directors been characterised by the Vice-Chancellor in giving judgment, as "false, fraudulent, and fictitious."

The decision will be a warning to other banks, and create a very necessary cautiousness as to granting certificates similar to that referred to above. We hardly imagine that any of our Canadian Banks would be led to commit such a fraud, but in the case of a new company started under the management of those closely connected with the Board of Directors of a Bank, it might so happen that the temptation offered would prove too strong, and the Bank manager be not required to make too close an analysis of the transaction through which the new company might appear as having a large balance to its credit. Men are only mortal, and it is just as well that they should all know that "honesty is the best policy."

CAN IT BE TRUE?

IF we are to believe common report, there is one crime which is rapidly increasing throughout Canada. We refer to incendiarism. This is one of the most infamous crimes which a man can commit, and we would fain believe that the evil is exaggerated. There is too much reason to fear, however, that the charge is not devoid of truth. You can hardly take up any daily newspaper without meeting accounts of mysterious fires in many cases foul play being suspected or openly charged. Making all due allowances for suspicions which may be unfounded, it is not unreasonable to believe that many of the conflagrations of which it is said the origin is unknown, have commenced by some villain's midnight torch. In some instances it may be the act of some burglar to cover up traces of his crime; in others, the crime may be the offspring of some long-standing quarrel; and in others, the object may be to defraud insurance companies out of the sums which may be insured. If we are to believe the officers of the latter societies, or the detectives sometimes employed by them, nearly all cases of incendiarism arise from the latter of the three motives given above. There is no reason to doubt this statement, and although the evil may not be so wide-spread as it is charged that it is, there are strong reasons to fear that it is carried on to an extent which few imagine. It is not comfortable to reflect how many fires occur in premises heavily insured, or when the person insured is known to be "hard-up." We consider the press would only do its duty in calling public attention to this subject, and that a stricter investigation both by insurance companies and the public, should be made into the origin of fires. If the arm of justice should be raised to punish one class of criminals more than another, it ought to be these wretches who, concealed by darkness, apply the incendiary torch to property, not knowing how many innocent persons may be ruined thereby, or, it may be, lose their lives. There is too much laxity, we fear, in trying to ferret out guilty parties and bring them to justice. And in this connection, we have a row to pick with insurance officials. They are frequent in their complaints about incendiarism, but it is very seldom we hear of any persons being prosecuted by them. In too many cases, if their inspectors can get the policy cancelled, or in some other way prevent payment of the insurance money, little further concern is taken with the matter. This is wrong. Both in their own and public interests, where there are good grounds to suspect incendiarism, the companies should see that the suspected parties are not allowed to go scot-free, as in too many cases they are, but that energetic steps are taken to bring the criminals to justice. The public, too, should insist on more strenuous efforts to unravel the mystery of mysterious fires, and thus exercise a wholesome influence in checking this growing crime. Unless such steps as these are taken, it need not occasion surprise if villains are emboldened to commit incendiarism, and increase to a degree with impunity.

13 FREE TRADE A FAILURE IN ENGLAND?

THE believers in the doctrines of free trade have recently had their faith put to a severe test. It was reported—and the London *Times* discussed the subject—that Manchester, of all places in the world, was calling out for protection against foreign competition; that it was no longer able to supply the markets of the world, and that a tariff of duties was necessary to enable the operative to obtain higher wages.

Now even protectionists here and in the United States had tacitly admitted that as far as England was concerned, the practice of free trade had been accompanied by a wonderful increase of manufactures, which were able to find a market all the world over. We were all quite certain that there was no possible danger that England,—the preacher of free trade to all nations with whom it came in contact, backing up its teaching by its example—should ever backslide, and with a cowardly fear of being beaten in the great struggle for commercial supremacy, cry aloud for protection to its operatives. The demand, however, for a change in the imperial policy has as yet been quite insignificant, and it is only the quarter from whence it comes that gives it any importance. We propose to show how entirely unnecessary any such change is at present; and we are indebted to the London *Economist* for the figures which enable us to do so. The competition which appears chiefly to have given rise to the desire for protection is that of the French, which has been the growth of the treaty concluded between England and France some nine years ago; and it is true that the imports of those articles of French production from which the duties were removed, have increased enormously since that treaty. But the exports of English produce and manufactures to France have also very greatly increased.

Comparing the highest figure of the three years before the treaty, 1857, 1858, and 1859, with the last three years since the treaty of which complete official figures are obtainable, 1865, 1866, and 1867, the exports to France of coal, iron, machinery and cutlery, appear as follows:—

	Highest figure of 1857, 1858, and 1859.	1865.	1866.	1868.
Coal.....	£615,232	£722,148	£905,453	£937,178
Iron.....	792,000	637,469	608,828	589,000
Machin'ry.....	385,000	373,000	457,000	500,000
Cutlery.....	113,000	119,000	156,000	137,000

From the foregoing statement, it is seen that the exports of coal had largely increased, while in machinery and cutlery the increase is not so marked. In the article of iron there is an apparent falling off, but this is only apparent as the average for the three years before the treaty was only £573,333.

But the cry for protection comes not from those interested in these articles, but in connection with textile fabrics; and it is here where the effects of the treaty are shewn to have been greatly favorable to the British manufacturer. With regard to woollen goods, in 1858, the highest of the three years before the treaty, England sold to France 3,836,000 yards, 29,733 pieces, and a small quantity entered only at value, the total being £260,500. Subjoined are the figures for 1865, 1866, and 1867, shewing the springing up of an almost entirely new trade between the two countries.

	Value.	Quantities.
	£	Yards.
1865.....	£1,685,000	20,864,000
1866.....	2,756,000	31,196,000
1867.....	3,110,000	27,139,000

The export of woollen yarn has also increased largely. The highest figure in the three years before the treaty was 1,163,000 lbs. worth £210,000, but in the last three years the amounts have been:—

	Value.	Quantity.
	£	Lbs.
1865.....	£423,151	1,918,346
1866.....	397,647	1,983,606
1867.....	556,305	4,303,623

The increase of the export of linen and cotton has been as follows:—

	Highest in three years before treaty.	1865.	1866.	1867.
	£	£	£	£
Linen.....	75,400	202,000	282,000	261,000
Linen Yarn.....	89,371	3,100,000	254,000	277,000
Cotton Yarn.....	285,000	733,000	1,493,000	1,096,000
" Yarn.....	53,000	286,000	636,000	581,000

These figures do not seem to indicate that the promoters of the French treaty made a mistake in their calculations in supposing that increased trade would

follow the removal of restrictions to trade; nor can they be taken to prove anything but that free trade so far as England is concerned has not been a failure, and that it is to her fiscal policy she is in a great measure indebted for the supremacy in manufactures she has been enabled to secure. Whatever policy our primary necessities, or the fancied requirements of a young country like this, may lead our government to follow, one thing as yet seems clear that theoretically free trade principles are the true principles which should govern trade, and that practically they should be put in operation whenever circumstances appear to furnish a warrant for their being placed on their trial.

AMERICAN SECURITIES.

THE people of the United States have been congratulating themselves during the past ten days on an increase of the value of their bonds in Europe, and a rise in the price of gold. The circumstance is one of considerable importance. It does seem to be an anomaly that the heavily taxed nations of the old world, whose finances are always heavily burdened, can float their securities at par if not at a premium—whilst the young and wealthy American Republic can only sell its bonds at a ruinous sacrifice. But such is the fact, nevertheless, and the Americans have therefore cause for expressing satisfaction at the improvement of their credit in Europe, as manifested by the advance in their securities some two weeks ago.

The cause of the low state of American credit abroad, is undoubtedly the repudiation of just debts by Mississippi and other States very many years ago, together with the extraordinary burden of debt produced by the Rebellion. We do not propose to consider these points at present, but to make manifest the causes which have recently operated to make American Bonds jump up several per cent. in a single day on the London Stock Exchange, and to draw a few wholesome lessons therefrom.

The immediate cause of the rise was undoubtedly General Shenck's Bill recently passed through both the Senate and the House of Representatives. But American Securities have occupied a better position abroad from a date further back. Ever since the Democrats, with their semi-repudiation policy, were routed during the November elections, the world's confidence in the good faith of the Republic has improved. Gen. Shenck's bill has greatly increased this confidence, by unequivocally pledging Congress, before the whole world, to the redemption of every dollar of the nation's indebtedness in specie, except where it was otherwise directly stipulated. This was a manly and honourable resolve, but no less wise and prudent; for the money-centres of the world afford testimony of the fact. Some persons would have preferred that the proposals of Messrs Sherman and Morton should have been adopted in preference to the General's, both of which fix a day for the resumption of specie payments. But the measure which has been passed sets at rest the main point, which is the fear that good faith would not be kept with their creditors. Politicians such as Pendleton, and even as the late President, Mr. Johnson, afforded good grounds to fear, at least, partial Repudiation, and Congress has done itself much credit by promptly coming forward and setting such fears for ever at rest.

The accession of General Grant to the Presidency and the decided manner in which he affirmed, in his inaugural address, the necessity of the United States fulfilling all its obligations to the bond-holders to the very letter, must also have a good effect upon American credit. These sentiments were nothing more than were to be expected from the new President, bound, as he was, by the Republican platform; but there is a freshness and decision about the language employed by the General, which must commend itself to all who peruse it. We make room for the following extract:

"A great debt has been contracted in securing to us and our posterity the Union. The payment of this principal and interest, as well as the return to a specie basis as soon as it can be accomplished without material detriment to the debtor class, or to the country at large, must be provided for. To protect the national honour, every dollar of Government indebtedness should be paid in gold, unless otherwise expressly stipulated in the contract. Let it be understood that no repudiator of one farthing of our public debt will be trusted in a public place, and if will go far towards strengthening a credit which ought to be the best in the world, and will ultimately