interior points in the United States and foreign countries" the report touches, giving the value of the imports of merchandise at interior points of the United States without appraisement at ports of first arrival at $16,594,934, as against $13,360,066 during the previous year. The direct exports from Chicago to foreign countries, amounted to $33,750,000 in value during the year 1882. "Merchandise is shipped direct from St. Louis, Minneapolis and from many other interior points to foreign countries, but the statistics of such movements cannot in all cases be procured."

"As the exports of breadstuffs and provisions from the United States are almost entirely the product of the Western and Northwestern States," Mr. Nimmo continues, "the cost of transportation from the interior to the seaboard has a very important bearing upon the foreign commerce of the country. The rates which prevail from Chicago to New York serve to illustrate generally the rates from the West to the Atlantic seaboard.

During the ten months ended Oct. 31, 1883, the average rates per bushel for the transportation of wheat from Chicago to New York were by lake 9·16 cents; by lake and canal, 12 cents; and by "all rail," 16.1 cents; as against the following average rates during the calendar year 1882, viz.: By lake and canal, 8.7 cents; by lake and rail 10.9 cents; and by "all rail," 14·6 cents. The increase in the average rates is due to the fact that the grain movement during the year 1883 has been much greater than during the year 1882.

During the calendar year 1872, the rates were by lake and canal, 26.6 cents; by lake and rail, 28 cents; and by "all rail," 33.5 cents. In a word, the average rates are now less than half what they were only eleven years ago. This remarkable decrease in the cost of inland transportation has been the chief cause of the increase in the value of our exports of breadstuffs from $84,586,273 in 1872 to $208,040,850 in 1883; and of the increase in the value of the exports of provisions from $59,696,670 in 1872 to $107,388,287 in 1883"

Railroads have become the chief avenues of commerce between the interior and the seaboard. Freights of the higher classes are transported almost entirely by rail. and during the year 1882 about 80 per cent. of the shipments of grain and flour from the West to the Atlantic seaboard were by rail and only 20 per cent. by the lakes, the Erie Canal and the Hudson River."

Now the eagle screams a little when the report comes to mention transportation. Probably with reason too. We quote:

The United States now enjoys the advantages of the cheapest and most efficient system of internal transportation of any country on the globe. During the last fiscal year 21.4 per cent. of the exports from the United States of wheat and wheat flour was from the Pacific coast.

The rates of transportation by sea from Pacific coast ports to Europe have been exceptionally low during the season of 1883. The current rate on the 5th of November, 1883, from San Francisco to Liverpool was only £1 12s 6d per ton of 2,240 pounds. This was lower than the average monthly rate during any month since 1872.

THE EXCHANGE BANK.

Every new development puts the affairs of this bank in a worse light. Thomas Craig, the manager, who owes the bank something like $226,000, has absconded, or at least he is not to be found. To the moment of his departure, he continued in charge. There can be no doubt he ought to have been displaced long ago. But it now comes out that the bank has never been inspected since he was placed in charge. A resolution has been come to by the stockholders to wind up the business of the bank; and Messrs. E. K. Greene, A. W. Ogilvie and Archibald Campbell were, on Tuesday, appointed liquidators: But this appointment was only got by voting on the shares of the absconded manager. Against Mr. Green's name stood an item of $16,000, which he said properly belonged to the late President. This is of course a matter for enquiry, and Mr. Greene is not, pending that enquiry, in a position properly to act as liquidator. It may be, as Mr. Greene alleges, that he has no interest in the matter whatever; but till that point is placed beyond doubt, Mr. Greene owes it to himself and the shareholders not to accept the position of liquidator. It would have been better if none of the old directors were to act as liquidators. These directors are legally responsible for the wreck; and they cannot expect, however good their personal record, to inspire the same confidence that would be placed in new men. Mr. Campbell not having been a director, is free from this objection.

The directors, in a statement which comes down to the 17th November, still figure out a surplus over liabilities to the public. The assumed surplus is only $10,810.46; and the chances are that there will be a deficiency, and that there will be a necessity for falling back on the double liability of shareholders. And yet, so little did the public know about the affairs of this bank that within one year, its stock sold for 179. How far this figure was due to manipulation is a question; but the bank had been trafficking in its own stock, through the late manager. Or the manager speculated on his own account with the money of the bank. In either case, a wrong was done. The bank's money was, contrary to law, loaned on or invested in its own stock. This is, perhaps, the point of most importance in connection with the failure; for it is to be feared that the practice has not been confined to the Exchange Bank.

Here is the statement of the directors on the 17th of November:

LIABILITIES DIRECT TO THE PUBLIC.	
Notes of the bank in circulation	$ 235,401 00
Due to depositors	1,009,392 76
Due to Governments (Dominion and Provincial	397,856 24
Due to local banks on balances	2,674 46
Due to local banks on loans	495,486 92
Due to foreign agents	97,760 36
Reported due to outside holders of guarantees by the bank (not in the books)	41,400 00
Mortgage on bank premises	50,000 00
Total	$2,329,961 74
Special notes of the bank held as collateral security by the Federal Bank for loans	92,555 00
Indirect endorsations on paper rediscounted by local banks still unpaid as reported by respective holders	228,039 43
TO THE SHAREHOLDERS.	
Capital stock	$ 500,000 00
Rest and Contingent fund, less profit and loss account	320,019 17
Unclaimed overdue dividends	324 00
Total	$3,470,959 34
ASSETS.	
Cash cheques on and bills of other banks	$ 22,068 37
Balances due by local banks	21,962 44
Due by agents in New York	76 98
Debentures (municipal)	161,835 82
Notes and bills discounted current	986,001 29
Notes and bills discounted overdue	671,963 72
Overdrawn accounts estimated by directors secured	440,000 00
Directors unsecured	670,358 13
Claims for guarantees of the bank	41,400 00
Real estate and mortgages	29,638 16
Bank premises	105,000 00
Total	$3,150,304 91

NOTE.—Of the above the directors estimate:

Good	$2,340,772 45
Doubtful	166,600 00
Bad	642,932 46
Total	$3,150,304 91
Federal Bank circulation held by them as collateral for balance of loan returnable when loan is paid	92,555 00
Bills receivable rediscounted by local banks endorsed by Exchange Bank estimated by the directors as good	228,099 43
Total	$3,470,959 34
Result of the assets as above (available)	3,150,304 91
Direct liabilities as above	2,329,962 74
Nominal surplus	820,343 17
The directors estimate the losses as	642,932 46
Doubtful	166,600 00
Total	$ 809,532 46
Apparent surplus available assets over liabilities to the public	$10,810 71

The item of nearly half a million "due to local banks on loans" was absent from some previous statements; though it is obvious that some amount under this head ought to have appeared. The loan of $220,000 to Sam. W. Beard could never have had any ground of justification. Craig, as manager, was incapable; he had not a trained banker's experience, and therefore should never have been placed in such a position. That he deceived the directors, in more than one particular, is probably true. Acting on his statements, Mr. Buntin bought $40,000 of the bank's stock, within the six months of its failure. Craig took care to sell to Mr. Buntin 100 shares at something over 170. Directors' liabilities, which were not on the whole exceptionally large, were increased within one month, September, from $19,000 to $157,000. Director and manager joined in the purchase of the bank's shares; and now these shares are going a-begging, nobody cares to own them, though Mr. Greene admits that the double liability may fall on him.

The bank was, we have said, never audited since Craig was in charge. It is strange that a number of business men, acting as directors of an institution. should have consented to do business in so loose a way; much must be left to a manager; and once get the right man, much may safely be left to him. But that Craig should have allowed the Beard account to assume the proportions it did—some of the directors not knowing there was such an account in existence—shows great recklessness on the part of the manager. When the directors saw Craig building a house at a said cost of $55,000, it would have been natural for them to enquire where he got the money, and whether he was wealthy enough to justify the expenditure. The fact of the house being in the wife's name should not bar the claim of the bank. Craig, being absent, may have more than his share of the blame thrown upon him, but in the light of the facts now before us, he must have been the chief sinner.

Is there no lesson to be learned from this failure? There is one important lesson; and that is that bank managers and directors should not speculate in the stock of the institution they control; a lesson which sadly needs to be enforced, for if it is not enforced more trouble is sure some day to crop up.