The Directors' Liability bill, as it passed the House of Commons, appears to be specially directed against wild-cat schemes. It is understood that it will be carefully revised in the House of Lords, and on that understanding several amendments that would otherwise have been proposed in the House were withheld. The House of Lords is not likely to weaken the protective character of the measure. Directors in Great Britain are often not sufficiently careful to avoid lending their names to doubtful schemes, and in this way bubble companies sometimes get afloat. If directors get a little scared by this bill it will do them no harm. We notice that very little account is taken of the objection that the stringent clauses of the bill will drive directorships into the hands of men utterly unreliable. What is necessary is that good men, when elected as directors, should exercise more caution, and if the bill has the effect of causing them to do so a great point will be gained.

MR. BLAINE ON RECIPROCITY.

Mr. Blaine continues to protest against the free sugar item in the tariff bill. He professes to feel cocksure of being able to make free sugar the basis of reciprocity with Latin America. What ground he has for this opinion has not been stated; whatever it may be, it is evident that Congress does not share his confident belief that satisfactory reciprocity with Latin America is within the reach of the United States. The evident determination not to abandon free sugar is proof of this. Free sugar fits well into the Protectionist policy. The United States cannot be counted among the sugar-producing countries. What little of the article Louisiana grows is forced and artificial, and can scarcely be made profitable by aid of the protective duties. It is time to abandon an experiment that has proved a failure. This position even Mr. Blaine does not attempt to gainsay. He is quite willing to sacrifice the planter of Louisiana, but he is not willing that the people of the United States should enjoy free sugar, unless a commercial bargain can be made with Latin America.

The United States has tried free coffee, and Mr. Blaine thinks the experiment is unsatisfactory. "Since we repealed the duty on coffee in 1872," he says, "we have imported the products of Brazil to the extent of $821,806,000, and have sold her only $156,135,000 of our own products." Here is the old story of an adverse balance of trade, with a single country, put in the antiquated form that it would have taken if Adam Smith had never lived. We are not even told how much of the imports from Brazil consisted of coffee, since 1872, though free coffee is made responsible for the disparity between the imports and the exports, in the trade with that country. A large part of the imports, it may be assumed, consisted of coffee. (We learn from the United States *Blue Book* that her imports of coffee in 1888 were $60,000,000 in value, from Arabia, the West Indies, &c.) What does the fact prove? That coffee is a common article of diet in the importing nation; and it is surely desirable, when revenue necessities do not prevent, that the food of a people should be untaxed. Mr. Blaine admits the difficulty which the American farmer has of competing with the growers of wheat in India for the European market. One obvious way of helping the American farmer is to let him have articles of necessity free from duty. He is overweighted with taxes on almost everything he requires; and even when he consumes American goods he has to pay a price greatly enhanced by the indirect effect of the tariff. Free sugar would give the farmer another benefit, and it would be something if these two staples reached him without tax. Free trade would benefit the farmer; it would be equitable, too, since whatever he exports has to meet the competition of the world, in third markets.

While Mr. Blaine tells of the disparity in the export and the import trade of the Republic with Brazil, he does not give the true cause, or scarcely any cause. So long as American manufacturers can exact abnormal prices for their wares, at home, through favor of high import duties, they are under no necessity to comply with conditions which are necessary to successful competition in foreign markets. If they fared no better at home than in other countries, they would have to change their policy and alter their methods. They are accustomed to receive high prices, and do not readily prepare to meet successfully competition in third markets, which implies low prices. Domestic protection unfits them, in a great measure, to compete in foreign markets. This is one reason why the balance of trade with Brazil is adverse. Brazil finds that she can purchase on better terms from other countries. This is the simple truth. Mr. Blaine thinks that she could be induced to agree to buy dear goods from the States on condition that she got there a free market for her sugar. How much the change would cost her may be judged by the actual course of Brazilian trade, which naturally goes where it can be done at the greatest profit. To forego the present freedom would obviously be a serious thing for Brazil. If Congress believed with Mr. Blaine that the Brazilians would consent to reciprocity it would scarcely persist in retaining the item of free sugar without reciprocity. Obviously it has no faith in Mr. Blaine's pretension on this point.

The course of trade with a single country does not prove that the policy on which it is based is unsound, merely because the imports largely exceed the exports. Trade with other countries takes a different form; and in this way the balance is redressed. Cuba, it seems, puts a heavy duty on American flour. So much the worse for Cuba. Can Mr. Blaine not see that even this folly might be turned to account by other countries? Cuba is a great producer of cigars, for instance; labor on the island is dear, and it is the worst possible policy to make the cigarmakers' food dear. To all this, Cuba adds export duties on cigars, which the importing country must pay. What then? Who does not see that all these obstructions to the export trade of Cuba in cigars creates an opportunity for the United States, and gives the Republic the chance of a large incidental protection? The protection of the export duty, the food tax, the high wages—no "pauper wages" here—amount to a great deal. Why, then, not outbid the Cubans for their choice tobacco and take a large share of the cigar manufacture out of their hands? There are difficulties in the way, no doubt, but shall it be said that they cannot be overcome? The skill of the Cubans in the manufacture of cigars is of long standing, and their renown is world-wide. The prejudice in their favor would for some time survive their defeat under competition. But for all that, the case of Cuba, as presented by Mr. Blaine, is not so desperate as he would have us believe, if only he would look at it in the spirit that extracts good out of evil.

Mr. Blaine is utterly unable to appreciate Free Trade for its own sake. It remains to be seen whether he comprehends limited commercial treaties which leave the treaty nations large liberties outside the sphere of the special stipulations. In this question, Canada, no less than Latin America, has a deep interest.

Senator Frye, in reply, puts Mr. Blaine in a corner. He says the quantity of sugar that would be received from Latin America would be insignificant, but that if the proposed reciprocity included Cuba and Porto Rico, the American consumer would benefit largely. And then he slyly asks Mr. Blaine to name the articles that Spain will take in return, in the evident belief that he is able to do so. In this simple way the bladder blown by Mr. Blaine is pricked, and the collapse is likely to be complete. The main point, however, is that Mr. Blaine's cry about reciprocity with South and Central America, based on free sugar, is hollow, a mere sound and nothing more.

MORTGAGE LOAN AND BUILDING SOCIETIES.

The annual return for 1889 of mortgage loan companies and building societies to the Dominion Government is to hand. It forms a volume of 156 pages royal octavo, which is a much more convenient form than the three huge sheets, some three feet by two, which in former years contained the mass of figures appertaining to the transactions of such companies for a twelve month. Some sixty of the societies making returns to Ottawa have their headquarters in Ontario, ten in Quebec, two in Nova Scotia and one in Manitoba. The reports of three companies not doing a mortgage loan business have been included in the return. But the figures of these three—namely, the Imperial Trusts Company, the Hamilton Powder Company, and the Vickers' Express Company—have not been included in the return.

It may be well to say that the present list is not exhaustive of the organizations which lend money on mortgage in the Dominion. Some, which make returns to the Ontario Government, deriving their powers from that source, do not consider themselves bound to make returns also to the Dominion authorities. Others, having Old Country charters, probably take a similar view. But the transactions of the