

It ought to be borne in mind that losses to banks, as to merchants, arise generally from serious depression in trade, and it requires great sagacity to determine, whether to force a customer at once into bankruptcy, or to sustain him in the hope of better times. It is a matter of notoriety that both courses are frequently adopted, and that the latter course, which is probably the most customary, is attended by different results. Many cases might be cited, and among them those of eminent English merchants, in which commercial houses have been sustained for a length of time by bank aid and have been enabled not only to recover their position, but to attain great wealth. Such cases do not come under public notice, but when the bank aid fails in accomplishing the object, and when failure ensues, involving increased loss to the bank, then there is a tremendous outcry against those who, in exercising their judgment to the best of their ability, tried to save the sinking ship. To apply the foregoing remark to the case before us: all acquainted with the lumber trade for the last decade or more must be aware of the great fluctuations which it has undergone, and from which it has recovered so that banks which had written off large sums, as bad debts obtained the payment of their claims in full. We should imagine that when the Michigan lumber account was taken it was never supposed that it would assume such proportions, and that it was nursed to save the company from insolvency, and the bank from heavy loss. After the event, it is clear that it would have been better to have allowed the company to go into insolvency at a much earlier period, but we shall not be surprised to find hereafter that Col. Tisdale has made a very successful operation by purchasing the "undoubtedly valuable timber limits, saw mills and plant," which the Federal Bank was under the necessity of sacrificing.

The boom in Manitoba was a temptation to the Federal, as to nearly all the leading banks, and it is doubtful whether any of them have escaped heavy loss as a consequence of the collapse. There does not seem any ground for attaching blame to the executive of the Bank for establishing agencies in the North-West, however serious the loss may prove to be. In the case of the Federal, as in that of the Exchange, "the excessive credits" to which Mr. Yarker refers were the consequence of the very large business which, as far as appearances go, was forced on it by the extent of public confidence. We are not in a position to state whether

the Federal paid latterly for deposits more than the current bank rate of interest, but there is no doubt that the Exchange did. We have heard of a case in which the manager of an incorporated company withdrew money from the Bank of Montreal, placed it in the Exchange, in order to get a higher rate of interest, and finally lost it. At the beginning of 1882 the Federal had obtained from the public about seven millions of dollars in the form of deposits, and circulation, on a capital of less than \$1,500,000.

The circumstances under which the new capital was issued at a premium of 50 per cent, and under which the Commercial Loan and Stock Company was formed, are, as far as Mr. Yarker's report goes, involved in mystery. The company is said to be totally insolvent, but we have never seen any statement of the nature of its business or the names of its stockholders and directors. It is to be inferred that it lent money to the subscribers for the new stock, and, to enable it to do so, borrowed from the Federal Bank. This operation is the one which seems likely to involve the directors in difficulty, unless it should be susceptible of satisfactory explanation. Mr. Nordheimer stated that the directors of the Federal had no interest in the Loan Co. except a small amount of stock held by himself. The Federal Bank is not likely to receive so large an amount of deposits, or to have as large a circulation as formerly, but, with a *bona-fide* capital of \$1,250,000 and with a more contracted sphere of operations, it is quite possible for it to do a remunerative business.

OUTSIDE OPINION.

The Canadian and United States Press have taken unusual pains to disseminate an opinion, recently given by the *London Times*, on the subject of some important branches of Canadian trade, and yet no one who gives the least consideration to the article in which the advice of the *Times* is conveyed, can fail to discover that its author has never taken the trouble to enquire into facts, and is consequently in a state of complete ignorance of the subject which he has treated. It is really amusing, in view of the policy adopted some six years ago by the Canadian Parliament to find the *Times* suggesting, that a reduction of the sugar duties "would enable Canada to compete with America in sugar refining and other manufactures by obtaining a cheap and plentiful supply of raw material." But we are

also told that we would thus "open the West India markets to her own products which she is able to export, as cheaply and in as large quantities as the United States."

We are induced to notice the article, to which we have called attention, at more length, because we have observed that several of our Canadian contemporaries have expressed opinions favorable to some kind of what they term "reciprocal trade" with the British West Indies. We have never seen any precise explanation of what is meant, but propositions have often been brought under public notice the object of which was to endeavor to extend trade by means of discriminating duties, the most dangerous policy that a country situated like Canada could possibly adopt. As to opening trade with the British West Indies, the trade is not at present fettered by restrictions of any kind. There are no protective duties in the West Indies, and it would be simply impossible to collect the amount of their very moderate revenue duties in any other way. Notwithstanding the Spanish policy of protection in favor of the shipping and products of the Mother Country, Canada does a fair trade with the Spanish Islands, and an effort is being made to increase it under the treaty which is said to have been recently negotiated.

It is very doubtful, however, whether the trade with the British or Spanish West Indies can be increased, unless the principle of differential duties should be adopted, which would most assuredly lead to reprisals. There is no branch of our trade in which there has been such a revolution within the last few years as in the sugar trade. In the year 1878-9 the sugar entered for consumption was 113,103,716 lbs. on which duties amounting to \$2,488,821 were levied, being about 2 1-8 cents per lb. In 1882-3 the entries for home consumption were 143,903,156 lbs., the duty on which was \$2,355,387, or a trifle over 1 5-8 cents per lb. The value of the smaller quantity was \$763,690 less than the larger, so that the percentage of duty on the value was, in 1882-3, 49 5-8 per cent, and in 1878-9 45 1-8, being a difference of 4 1/2 per cent. In the year first named considerably more than one-half of the entire imports came from the United States, the bounty paid to the refiners enabling them almost to monopolize the trade, and to cause the Canadian refineries to be closed. It seems desirable to place before our readers the course of trade at the two periods. The following table will give the imports by countries, weight, value and duty: