

the prospects of a new Reciprocity Treaty. It plainly indicates how much American commerce is declining from the presence of restrictive legislation. This decline in International trade is certainly no advantage to us, but we have not suffered any serious injury therefrom. As Mr. Derby shows, whilst our trade with them has fallen off, with Europe and the sister Provinces, it has increased. The foolish abrogation of the Reciprocity Treaty has therefore, as was often pointed out by this Journal, mainly injured the Americans themselves, and as they were the parties who refused to continue it, they have very little claim for sympathy.

When Congress is prepared to act upon Mr. Derby's suggestion, to make a new and impartial treaty, that body may rest assured that the Government and people of Canada will meet them with all cordiality and fairness. Upon them, however, devolves the first move. Our Ministers once went to Washington. Let them now come to us.

THE SAW MILLS OF ST. JOHN, N. B.

THE extent and importance of the lumber manufacture of St. John, may be gathered from the following information on the subject which is chiefly derived from an interesting article published in the *St. John Telegraph*. It appears that on the shores of the harbour and in its immediate vicinity, there are eighteen first class mills engaged in the production of the various kinds of sawed lumber, which play so important a part in the trade and commerce of the Province. The motive power in all these establishments is steam and the fuel necessary for generating the immense power required, is invariably derived from the saw dust, and other refuse made in working. The power employed is nominally about 1500 horse, but is in reality considerably more. There are 33 gangs for sawing deals, 22 single saws for boards and long lumber, 50 circular saws for edging and trimming, 21 machines for making sugar box shooks, and 28 lathe machines, besides several machines for the manufacture of clap boards and shingles. There is also a machine employed in making scale boards.

This mass of machinery is capable of turning out upwards of 300 millions superficial feet of deals, besides boards and short lumber, in the year, but if we take nine months as the average working time, we shall find the production to stand about as follows: deals 225,000,000 superficial feet, boards 50,000,000 do., sugar shooks 1,500,000, laths 11,000,000, besides pickets, shingles, and clap boards. The number of hands employed in the mills themselves is about fifteen hundred but this number represents only a very small proportion of the labour actually employed. The whole of the logs required are obtained on the River St. John and its tributaries, and in the occupation of cutting and rafting, quite a large population is engaged. Then there are the steam engine and boiler makers, the saw manufacturers, the men engaged in loading the ships, and lastly the ships themselves, so that we may safely conclude that at least four-fifths of the population are more or less dependent on the lumber manufacture. The quantity of deals shipped during the past year has been somewhat less than in some previous years, but freights have been low, and prices remunerative, on the other hand, the quantity of boards and short lumber shipped to the West Indian and United States markets has been largely in excess of any previous year's operations. The development of the trade in sugar box shooks is very remarkable, and it seems probable that hogshoad shooks will soon be added to the list of exports.

The various iron manufactures of St. John employ 29 steam engines of 67 horse power, and furnish work for 1052 hands.

LETTER FROM ENGLAND COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER CUBA.]

THE RE is but little change to report this week. Business continues dull and money is still very cheap. The returns from the Banks of England and France are both favourable, and the bullion in these establishments now stands at an unusually high figure. There is thus every prospect of a continuance of the present low rates for money.

Almost every mail from America brings evidence of some further financial policy, on the part of the republican leaders in Congress. The determination to uphold and

strengthen the protective system of the States, and to keep up the circulation of unredeemable notes, and consequently the premium upon gold, is universally regarded with despair, and introduces a fresh element of doubt and danger in all mercantile dealings with the United States. In contrast with this, it is pleasant to see the enlightened policy pursued in Canada—a policy from which you have already reaped the reward of an extended and profitable commerce.

An attempt was made by some of the shareholders in Overend, Gurney & Co. Limited, to evade their liabilities to the creditors of the company, upon the ground of misrepresentation and fraud on the part of the directors, at the time the company was formed. For so far this attempt has been quite unsuccessful, and there is no reason to believe that it can under any circumstances be successful. The broad principle in such cases is that the shareholders in expectation of getting large profits ran the risk of bad debts, and even of misrepresentation or concealment of facts upon the part of the directors, and that therefore they are primarily liable to the creditors. It is quite possible indeed that they may have some redress against the directors, but it would be monstrous that they should have what would practically amount to redress against the creditors. It might fairly be said that the creditors trusted the shareholders and the shareholders trusted the directors and it would be most unfair that the unfortunate creditors should be the victims. It would be most injurious to the shareholders in public companies themselves, if such a principle could be established. It would largely diminish the number and usefulness of such companies, as no one would be willing to trust them with money, and their business would be diminished to an incalculable extent.

Shareholders would also become even more careless than they now are about investigating the position of the companies which they joined. They would trust to some lucky accident, some unsanguine statements in the original prospectus of the company to rely on for their liability.

The Great Eastern Railway Company, one of the most unfortunate of the English Railway Companies recently appointed a chairman, Mr. Samuel Laing, who as Chairman of the Exchequer for India, rendered good service to the State and the first effort of his financial experience has been received with great favor. Leaving out of view the peculiar features of the scheme, its general principles are to create a debt free stock redeemable by a sinking fund in 54 years, instead of the present system of debentures, which come down every few years generally 5 or 6, and have then to be renewed. The inconvenience of renewing debentures to all concerned has been very great, and sometimes as during the panic of 1866 it has been all but impossible to renew them on any terms. There has also been a great deal of trouble in the sending in of the debentures to be cancelled and the issue of new ones, as well as the expense of stamp, brokerage, &c. This expense thus saved will it is stated be equal to the amount required to create the sinking fund, and the shareholders will then be able to actually to extinguish the debt without extra charge.

There is evidently however one disadvantage in this scheme. At present the necessity for renewing the debentures from time to time, compels the directors of a railway company to keep up its credit. If they neglect this they will find an increasing difficulty year by year in placing the debentures and the existence of such a check is one of the best safeguards against mismanagement. The project will no doubt be fully and amply discussed, and it does not seem unlikely that in many cases it may be of great utility. On the other hand the disadvantage to which we have adverted may considerably restrict its benefit.

Lord Carnarvon who is carrying the bill for the Corporation of the Provinces, through the House of Lords, is of course unable at the same time to bring in a bill for the Imperial Guarantee of the Intercolonial Railway. This being a money bill, can only originate in the House of Commons, and it is understood that it will be introduced at an early day.

The returns from the Bank of England for this week present the following results:

	Amount.	Increase.	Decrease.
Public Deposits	£ 6,294,100	£	£667,000
Private Deposits	18,553,000	1,083,000	
Government Securities	13,111,000	No change	
Other Securities	18,201,000		116,000
Notes in Circulation	22,296,000		335,000
Bullion	19,311,000	134,000	
Reserve	12,016,000	463,000	

The Bank of France returns are as follow—

	Increase.	Decrease.
The Treasury Balance		4,000,000
The Private Accounts	9,800,000	
The Commercial Bills		31,666,000
The Notes		16,000,000
The Cash	19,000,000	

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FREE TRADE AND PROTECTION.

(To the Editor of the Trade Review.)

IT is quite refreshing to find the advocates of Protection, quoting Adam Smith as an authority in their favor. They pick out passages here and there, which taken by themselves appear to favor protection quoting the text, without the context, and thus perverting its otherwise obvious meaning. Every reader of Adam Smith is well aware that the entire scope and tendency of his writings, is emphatically in favor of Free Trade. Your correspondent J. C. B., in his letter to the *Trade Review*, of the 18th February, has however, been singularly unfortunate in his quotations from that authority, for even taking the passage, he quotes by itself, and without reference to preceding passages, it only goes to show that any country possessing a surplus of food, and an abundance of the necessities of life, by means of which artisans and others can live cheaply, is the country best adapted for the establishment of manufactures, and therefore we may assume can very well do without protection. But Adam Smith's reputation as a free trade authority may be safely left to vindicate itself. All that Free Traders must ask is that their opponents should give his writings careful and attentive study, not attempting to wrest particular passages to suit their own views, but giving to them the plain and obvious meaning intended to be conveyed. J. C. B., also particularly objects to having it laid down as a rule, that it is the consumer who pays the duty, and brings forward several facts with a view of demolishing that theory. He strives to show that because, since the termination of the Reciprocity Treaty, butter has been from 4s to 6s per lb. lower, on the Canadian than on the American side, therefore it was the Canadians who paid the duty. One would think that it was an unmistakable proof to the contrary, but let that pass. He further states that one firm in Missisquoi Co., paid in duties on butter alone, the large sum of \$12,000 in gold. We will not dispute the fact, but did not the firm in question add the amount of those duties to the price of the butter? And who paid them in the end? Why the consumers of the butter. But to set this matter at rest, if, (as some Protectionists assert) the consumer of a taxed article does not pay the duty, will they be kind enough to inform us who does? It is fair to presume that it is paid by somebody, and if not by the consumer, by whom else is it paid? The same gentleman continuing the subject in your issue of the 22nd inst., says "That a nation or country which exports its surplus in the shape of raw produce is continually being impoverished," and illustrates his argument as follows—"It is a fact beyond dispute that a farmer who continues year after year to sell his hay, oats, corn, potatoes, &c. instead of feeding them and having them consumed on the premises, and thus cause a portion to be returned to the soil, his farm deteriorates, his crops diminish year after year until his land and premises become a most or quite worthless." No doubt of it, we admit the fact, but deny the conclusions sought to be drawn from it. It is simply a case of bad farming, and all the protection in the world will never make any difference in such a case one way or the other. Your correspondent also brings forward in proof of the evil effects of Free Trade, the example of Turkey 30 years ago, and asserts that the decay of her textile manufactures is to be attributed to her Free Trade relations with France and England. It will not be difficult to show that this cannot be other than a mistake, and that it has been brought about by entirely different causes. At the beginning of the present century and for some time afterwards, the textile fabrics of Turkey were in demand in Europe, principally in France and England, on account of the beauty of the pattern and their richness of color, in which respects the European manufactures could not then compare, but since that time vast changes have taken place, and the wonderful improvements which have been effected have long since enabled England to produce fabrics, vastly superior to those of Turkey, and at very much cheaper rates; Free Trade had nothing to do with it one way or the other, except to give the Turkish manufacturer the advantage of the English market at 3 per cent duty. The cause of the decay of Turkish manufactures must be sought in a different direction to this. The lazy, unimproving fatalistic Turk, works with the same rude loom, and by the same rude processes as he did five hundred years ago, and it is no wonder that he has to succumb when brought into contact with the skill and enterprise of the nineteenth century.

It is strange that these ultra Protectionists either