

views are those of a Free Trader. I am a Free Trader." He then adds:—"At the same time, it is evident that no country is ready at one moment, to adopt its policy to the peculiar theories in which I believe * * We must have a revenue; we must raise it in the least burdensome way to the people, and I do not believe that it is possible, in the present state of Canada, greatly to depart from the system we have pursued up to this moment." These are the views of a practical statesman, and we feel persuaded that a large majority of the people of the United Provinces will endorse them. Nay, we are convinced that Free Trade notions will become more and more popular, day by day, as the true principles which ought to govern commerce are better understood and appreciated by the people. Mr. Galt expresses the opinion that Free Trade "is not possible for Canada;" but though duties on imports must be imposed for the purpose of revenue, he contends that they ought to be reduced "as rapidly as is consistent with the interests of the country." To his we fully subscribe; but to attain the object it should be ever kept in sight by the Government and Legislature, in all their commercial enactments, that the people must learn to forego their "ignorant impatience" of direct taxation, without adopting which our fiscal system must always be defective, cumbersome, and expensive. Above all things, we hope our rulers will not fall into the mistake of fostering the manufacturing interest at the expense of every other interest in the country. We are no enemy to that form of commercial speculation, more than to any other industrial pursuit; far from it; but we do object to protection, intended simply for protection's sake. We believe that several articles can be manufactured in these Provinces without the help of the forcing process, and that others derive sufficient aid from the existing duties on those that shall be necessary for the purposes of revenue. But we should remember that notwithstanding all the appliances supplied by science and mechanical ingenuity, labor continues to be a chief element in their production, and that cheap labor is not likely to be found in North America for many ages to come. We can, consequently, only succeed in raising manufactures, to any great extent, by means of the hot-house system of protection, which would be about as wise as the attempt to rear pine apples on the Labrador Coast or in Rupert's Land in the same way.

THE MISMANAGEMENT OF COMPANIES.

THE long expected and long promised report of the committee of stockholders, to whom was referred the duty of enquiring into the affairs of the Toronto Linseed Oil Company, has at length been made public, and it does not throw any additional light on the revelations already made, or place the affairs of the Company in any more favorable position than they were before. The committee exonerate themselves from blame in not properly executing their task, on the ground that grave issues have been raised as to the personal liability of the shareholders, which means, in plain language, that a series of law suits have been commenced against them. They append to their report the report of a professional accountant, and conclude with another philippic against Messrs. Gooderham and Worts, regarding the seed transaction. What the committee say on this point is as follows:—

"The committee cannot omit calling attention to the fact that large quantities of seed appear to have been purchased at full market rates, but of very inferior quality, by which serious loss accrued to the Company. Among these purchases were large quantities bought from Messrs. Gooderham and Worts, at the enormous price of \$2.20 per bushel, which seed was delivered at different dates extending over a period of some months, during all which time seed equally good in quality (if not better) was purchased from other parties at much lower rates."

It would have been more just and satisfactory to the public if the committee, having mentioned this blunder, which was but one of many that led to the failure of the Company, had particularized all of them. The conduct of Gooderham and Worts is painted in glaring colors, and not a word of explanation has been printed along with the condemnatory report, although a paragraph in the papers tells us that "satisfactory" explanations were given. It is not our intention, however, to dwell on that point. What we wish to speak of is the fact that the Toronto Linseed Oil Company, although composed of the best shareholders, and got up for a most useful and patriotic purpose, was confessedly killed by criminal mismanagement. This was made evident at first, and subsequent investigation has confirmed it. The conduct of Messrs.

Gooderham and Worts in selling seed at a high price to the Company, of which Mr. Worts was President and Mr. Gooderham, jr., Vice-President, was a capital blunder—that would be cheaply atoned for by that firm refunding with interest the difference between the high price they received for the seed and the lowest point for which it could have been purchased during the past year. The other blunders of the directors were equally stupid and blameworthy.

The report of the professional accountant alluded to is not very interesting or intelligible; we gather from it, however, that the books of the Company were not properly kept from the first, in consequence of which the real condition of affairs was disguised. For instance, the construction, or mill account, was debited with \$22,000, nearly \$10,000 of which ought not to have been set down to that account. "From this," says the accountant, "it follows that—at the date of these entries—nearly all, if not all of the subscribed capital had been lost." The feelings of the shareholders at these revelations may be more easily imagined than described—especially as they are now threatened with suits involving large personal liability. On the whole they are to be pitied. They went into the oil business to promote a new and rational industry; they elected a strong, and what they thought to be, an efficient directory; the directory employed what, no doubt, they believed to be a staff of first-class employees; and, strange to say, the result was blunders and bankruptcy. A different result ought to have been achieved. A different result, we believe, would have been achieved if the linseed oil mill had been worked by one intelligent head. As it was, there were so many heads over the concern that the old adage would appear to have been fulfilled, and what was everybody's business became nobody's business. There were not only too many heads, but each person would appear to have had what is known as too many irons in the fire at one time. All the directors were men largely engaged in other and more extensive businesses than the manufacture of linseed oil. How, then, could they be expected to devote the requisite time in managing the new company? Certainly, its affairs were mismanaged from the beginning, and we presume the directors and employees cannot claim to be altogether blameless.

As we said on a former occasion, we trust the fate of the Toronto Linseed Oil Company will be a warning to all existing companies, and to all those that may in future be started. The affairs of a public Company must be carried on with regard to business principles. The overseeing must not be lax, the management careless, the book-keeping indifferent, the transactions reckless, the buying and selling marked by gross blunders. The affairs of a public Company, to be successful, must be carried on with the same exactitude and correctness as those of a private individual. If they are not, no matter how wealthy the stockholders, or high the standing of the directors, the crash will come, and loss of money, and perhaps loss of character, will be the result.

LETTER FROM ENGLAND.

COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER JAVA]

THE prospect of the harvest in Europe is scarcely so good as it was, owing to the heavy rainfall in July. In England, on the contrary, where the harvest is later, the crops are probably upon an average improved, and the corn markets have in consequence been dull all week. The glut of money still continues, and in the last day or two has produced some little effect upon the funds and public securities. The investing public has, however, so little confidence at present in even the best securities that prices are abnormally low in nearly every department.

Mr Gladstone appeared this week before the Committee of the House of Lords, and advocated the issue of pre-preference stock to enable the North British Railway Co. to work its line efficiently. Notwithstanding the weight which is deservedly attached to any opinion he may express, the Committee of the Lords refused to authorize the issue of said stock. In this judgment, as I mentioned last week, I would be disposed to acquiesce. It is better to sacrifice the interests of ordinary shareholders than to break faith with existing interests and it would be impossible to issue pre-preference stock without so breaking faith. The moral of the whole would seem to be that there

really should be no such difference as at present exists among the parties who own the capital which has made our lines of railway. A line should be made out of the realized capital of the country, and all shareholders in it should be on precisely the same footing. The issue of debentures for the purpose of raising any portion of the permanent capital of the railway should be done away with, and the line should stand or fall upon the merits of its ordinary shares, and not on the dexterity of a few thimble-riggers. The half of the ruinous extensions made of late years would never have been thought of if directors, and solicitors, and contractors had not been able to mortgage the lines which were already in existence.

The Government has promised to take up the question of the Irish railways during the recess, and it is likely that some well matured scheme will be arranged by which the traffic upon these lines can be greatly developed. At present the average dividends of the Irish railways is low, and it is only earned by very high fares, which prevent travelling and the carrying of minerals and farm produce, and even of cattle. It is generally admitted that lower rates of traffic would benefit the public, and at the same time would, in a very few years, pay the shareholders better than the present high rates, but the directors are unwilling to make a reduction which, although ultimately beneficial, would be attended with a present loss. Nor would it be easy for one or two of the best lines to commence the system of reduction. There are so many petty lines in Ireland, and the through-bookings arrangements are at once so numerous and small, that it would be no easy matter to make any important departure from the present rates unless by mutual consent. Whatever scheme the Government may adopt for managing these railways, the experiment will be looked to with much interest. The Belgian railways are worked by the State in the same department as the Post-Office and the Telegraph, and the result is in every way satisfactory. There is, therefore, a good precedent for what may be done in Ireland, and as the entire income of the Irish railways is now only about one-third of that of the London and North-Western, there is nothing too great in them for careful management under one central board.

The prospects of the American cotton crop are naturally exciting great interest at present. No reliable information is, however, as yet attainable, and prices fluctuate with the various rumours which from time to time reach this country. It is to be hoped that the crop will be a good one, and that prices will early settle down to a reasonable figure. The losses which have been sustained for some time in Liverpool have been very great, and "private arrangements" there are of daily occurrence. Should the earlier portion of the American crop be bought too dear, it would only increase the losses of importers and holders, and would be likely to cause such a reaction as would unduly depreciate the price of the portion of the crop which comes later to market. The fall in price has indeed been already so great that the worst is now over; but all trade will be more or less feverish till the price of cotton has settled down to what is to be its normal value in the future.

The following are the returns from the Bank of England, compared with those of the preceding week, and same time last year:—

	July 31, 1867.	June 24, 1867.	Aug. 1, 1866.
Public Deposits.....	4,898,000	4,697,000	3,190,000
Private Deposits.....	20,594,000	20,776,000	17,789,000
Govt Securities.....	12,831,000	12,831,000	10,128,000
Other Securities.....	17,322,000	17,248,000	26,667,000
Notes in Circulation...	24,183,000	24,003,000	25,620,000
Bullion.....	22,926,000	22,772,000	13,793,000
Reserve.....	13,743,000	13,769,000	3,273,000

The Bank of France returns are as follow:—

	Aug. 1, 1867.	July 25, 1867.	Aug. 2, 1866.
Treas'y Balance.....	90,446,000	91,246,000	131,488,000
Private Accts.....	279,102,000	281,435,000	844,869,000
Comm'cl Bills.....	492,903,000	496,237,000	679,820,000
Advance.....	212,403,000	212,603,000	166,669,000
Notes in circulation...	154,298,000	1,127,632,000	969,662,000
Cash.....	885,488,000	878,688,000	706,876,000

August 3, 1867.

H.

GASPE ITEMS.—Our Gaspé correspondent, writing under the date of the 9th instant, sends us the following: Farmers are busy at their hay-making; the crop this season is a failure; a large number of cattle will be killed this fall in consequence of the shortness of fodder—mackerel fishery good—codfishery same as last report.