

went from 4,200,000 tons to 6,200,000, surpassing Britain.

It has been considered surprising in some respects that the United States has made such strides in iron and steel producing when her export trade in such materials is relatively by no means remarkable. But the internal consumption of seventy-six millions of people is necessarily great. Examples of this serve to suggest the enormous aggregate. For instance, we are told of one American firm which in 1899 required 400,000 tons of steel to meet its annual contract; and of one American city which consumed, in the same year, 125,000 tons of steel for the construction of buildings alone. Since 1880, the United States has reversed the relation of her iron and steel imports to exports. In 1880 the imports were valued at \$71,266,699 and the exports at but \$14,716,524. In 1890 the imports had fallen to \$41,679,501, and the exports had risen to \$25,542,208. For the fiscal year 1900 the value of the imports is but \$20,476,524, while the exports of iron and steel goods reached \$121,858,344.

In one respect the United States is favorably situated, compared with Great Britain or with Germany. The former of these countries relies upon Spain for much iron ore, and Germany relies upon Sweden, while the Americans find theirs in ten or a dozen States of the Union. In the north, the iron ranges of Michigan are not far from the coal of Ohio and Pennsylvania; in the South, Virginia, Alabama, and Tennessee, all have coal as well as iron within their borders. This fact goes far to account for the remarkable development of iron and steel-making in the Great Republic. And when her wealth in coal and ore is considered, nothing should prevent her from leading the world in export, as she now does in production, of these structural materials.

THE MONTREAL COLD STORAGE CASE.

After a lengthy trial, the jury found a verdict of guilty against the Secretary-treasurer of the Montreal Cold Storage and Freezing Company, arraigned with others for conspiracy to commit fraud in connection with warehouse receipts. No other conclusion was possible in face of the evidence which showed that McGillis had filled in the blanks in fraudulent receipts. Indeed what came out at the trial pointed to either the issuing receipts for which there were not and never had been goods in warehouse, or the fraudulent removal of goods, which had been placed in storage, or again, as the judge suggested, by tampering with receipts when first made out. As to the guilt of McCullough, of the firm of Croil & McCullough, the jury did not agree; he is to be tried upon another count. The third and probably worst offender of the lot, T. J. Chisholm, is an absconder, having slipped through the fingers of the officers of the law, a fact which has properly occasioned much indignation. Such scoundrels as he should be tracked and brought to justice if by any means it is possible to do so. No capitalist or banker is safe if a nest of men can plot together as these men did to swindle lenders upon what has always been regarded as good security, and not be traced to the uttermost parts of the earth and punished.

We have already, in commenting generally upon this matter, expressed the opinion that the development of the case showed relaxed methods on the part of banks, a disposition to go to too great lengths in advancing large sums on inadequate information. This we consider reprehensible and indeed dangerous, for is of the essence of good banking to have independent information and not to be satisfied with what competitors are doing as a basis for what a bank should or should not advance. At the same time, we cannot go so far as some writers have done in condemning the Merchant's Bank of Halifax for its method of procedure in relation to the offending officials in the Montreal Cold Storage case.

Let us consider the circumstances. That bank appears to have been taken in, as any financial corporation might have been, by a conspiracy of swindlers. It had engaged in a legitimate banking business with the Croil & McCullough Dairy Company. The Montreal Cold Storage Company was a reputable concern: the bogus receipts were only bogus in so far as the goods had been removed. These instruments were genuinely signed by the vice-president of the company, a man of good reputation, in conjunction with the secretary, who was one of the conspirators. The bank looked to the company for restitution. The only question is whether the bank had not the right to secure the return of its advances before taking steps to have the swindlers prosecuted. When it had obtained restitution, the bank proceeded to deal with the culprits. We have not learned that the bank at any time promised or even listened to condonation of the frauds, while it certainly did take steps to have their perpetrators punished. There is something to be said, too, as to the effect of the policy of immediate prosecution when the bank had reason to surmise the state of affairs. Two courses were open to the bank, to prosecute at once, or to endeavor first to get its claim reduced and then to take the law of those who had wronged it and wronged others. The bank chose the latter course. Now to consider what would likely have happened if the first course had been adopted. To do this would have wrecked the Cold Storage Company, probably inflicting great loss on its numerous tenants, who were carrying in the stores at the time large stocks of butter and cheese. The stoppage of the plant and the slightest variation in the temperature of the stores would have destroyed these goods, with great resultant loss to the tenants. Of course these would have had recourse against the Montreal Cold Storage Company, but that concern would have been swamped with claims, and the community at large must have felt the disastrous results.

It must be considered, too, whether the bank had sufficiently definite evidence in the early stages to lay information for a criminal prosecution. Abstract ethics properly demand the punishment of conspirators for a dishonest purpose; but there is justification for delay if the interests of innocent sufferers by conspiracy can be served by delay while the prosecution of the malefactors is at the same time secured. The cheese exporters of Montreal, at all events, do not blame the Merchants' Bank of Halifax for its action, but rather applaud it as prudent and far-reaching. Some of them say, indeed, that the bank has positively averted a national calamity, because the discovery happened at