COMPOSITION WITH CREDITORS.

(To the Editor of the Trade Review.)

SIR,—Many able articles have been written and the mercantile interest aroused on the subject of preference assignments, judgment, creditors, &c. resulting in the passing of a stringent law, but leaving a much worse plague spot in the commercial system untouched I refer to the matter of composition.

This is a subject very difficult to deal with, arising from the geographical distance of the creditor from the debtor, and the consequent inability to obtain any reliable information as to the real value of the assets in the hands of the debtor, the *certain character* of his reported liabilities, the cause of insolvency, the *business ability or mode of transacting business*, the future prospect of success, and the honesty of purpose of the applicant.

Now I think it not unfair to assume, that not more than five per cent. of the applicants for composition, can be considered fit subjects for such clemency, and yet not five per cent. of the whole get refused, and it is therfore due to the honest retailer that some steps should be taken to prevent the letting loose to prey on society, a host of *sharks*, whose moral honesty scarcely amounts to that of the Jew, who in his advice to his son, said, "my son, *make money*, make money *honestly if you can*, but at *any rate* make money."

The class of persons who seek composition, are for the most part those who are in possession of plenty of means, secured in such a way, through relatives or friends, as to be beyond the reach of creditors, but at the same time perfectly at their control to enter the market afresh, and thus lay the foundation for another swindle.

Perhaps one of the greatest incentives on the part of the retail man, is the secrecy with which a composition is accomplished. The debtor goes to the city, represents his case plausibly, and offers an amount with security. After a little parley it is accepted, and then almost without being missed from his locality, he returns with a clear profit of $2000 or $3000 over his hard working but more scrupulous neighbour, who is being daily robbed by the unprincipled course he has pursued, aided and abetted by the conduct of the very men who will demand from him his indebtedness in full. This is neither just nor judicious.

The question naturally arises:—What can be done in the matter? Perhaps it would be difficult to devise a remedy that would fully meet the case, but if something like the following course were pursued, it would lessen the application for composition and the reckless career which too often leads to it:—

1st.—That upon application being made for a composition, the applicant should give immediate possession to an appointee of the creditors (subject only to the applicant's order) before the consideration of the matter could be entertained, who should enquire into and report upon the amount and character of the assets and liabilities; that when the applicant desired to obtain possession without a compromise being agreed to, all conference on the subject should cease, and process of law should immediately be taken to liquidate the estate.

2nd.—That no composition should be made without the sanction of the Board of Trade in the place represented by the largest *value of creditors*, and that the appointee to take temporary charge of the estate shall be named by the Board of Trade in that place.

3rd.—That no composition should be granted unless the applicant could show actual loss sustained, and such as *ordinary* business knowledge or prudence could not have avoided.

4th.—That in such case the applicant should be liberally dealt with, granting him terms that would afford a *fair chance* of *future* success.

5th.—That unless under very exceptional circumstances, no composition should be granted a second time.

6th.—That all expenses of the appointee should be paid by the creditors.

I could enumerate plenty of instances illustrating the above remarks, but it might border on personality. Merchants, wholesale and retail, without a reminder can fully endorse the position, and will admit the necessity of a remedy, the only question being how to apply it.

There is one remedy in the hands of the retail men that is fast gaining force, and that is to do no business with a house that is known to compromise with a firm doing business in their locality, because it produces the same effect as if they sold the goods at 25 per cent to 50 per cent. less than to the retailer, who is earnestly striving to pay the full amount of his indebtedness.

RETAILER.

LETTERS FROM A PROTECTIONIST.

[No. 9]

[To the Editor of the Trade Review.]

WE are assured by free traders, that if a manufactured article is, or can generally be produced in this country as cheap as in Europe or the United States, that such article needs, and certainly should have no protection. If trade was always uniform, demand and supply regular, and the wealthy manufacturers of old countries not disposed to discourage, cripple, and ruin the young and comparatively weak rival in the new country, there would be some plausibility in the assertion.

It is an undisputed fact, that whenever, from one cause or another, in a large manufacturing country, there is an over production of any one article, and the maker or holder is obliged to realize, and in order to do so must suffer a loss, he always prefers to have the sacrifice made in a foreign or distant market; it relieves his necessities, without breaking down or injuring the regular demand on home trade; at the same time it discourages and perhaps ruins the young and less powerful manufacturers of the new country, who are his rivals, and to whose prosperity and success he is opposed, and in consequence leaves no means untried to bring about his ruin, in which he is aided and assisted by the middle men, and in adopting free trade we give him a cordial invitation to do so. The free trader's answer would be that the consumer would therefore get his goods cheap, but any small trifle served in this manner is but a sorry compensation to the farmer for having his neighbouring manufacturer obliged to close his shop, stop the home market, and thus compel the farmer to send his produce thousands of miles from home in search of consumers. With an efficient duty, results like the above are not likely to ensue, and to prove beyond the possibility of a doubt that such results have, do, and are likely to follow; we quote the following extract from a report to, and printed by order of the House of Commons in 1854:—

"The labouring classes generally, in the manufacturing districts of this country, * * * are very little aware of the extent to which they are often indebted for their being employed at all to the immense losses which their employers voluntarily incur in bad times, in order to *destroy* foreign competition, and *to gain* and keep *possession of foreign markets*. Authentic instances are well known of employers having in such times carried on their works at a *loss* amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labour and to produce strikes, were to be successful for any length of time, the great accumulations of capital could no longer be made, which enable a *few* of the *most* wealthy capitalists to *overwhelm all foreign competition in times of great depression*, and thus to clear the way for the whole trade to step in when prices revive, and to carry on a great business before foreign capital can ag in accumulate to such an extent as to be able to establish a competion in prices with any chance of success. The large capital of this country are the great instruments of warfare (if the expression may be allowed), against the competing capital of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained."

Who after reading the above extract, can fail to see the absolute necessity of protecting our infant manufacturing establishments, from the regular and systematic plans of the wealthy manufacturing capitalists of the old world, to break down and destroy all opposition to them. We think in previous letters, that it has been fully proved that diversity of employment is absolutely necessary to the prosperity of any, and all countries and communities, and that without the introduction and permanent manufactures we cannot have that diversity, and the idea that Canada must continue almost a purely agricultural country if carried out and acted upon, is sure to bring about the same result that it has in Turkey, Egypt, Brazil, Mexico, &c. What they have been there we have already shown.

Free trade has had a little experience in Canada, in the establishment of the "Free Ports." In regard to the one at Gaspe, Mr. Matthew Ker, a missionary there, writing to the *Witness* Nov. 26th last, says:—

"Upon a calm review of the workings of the same free ports, I am convinced that instead of being an advantage to Gaspe, it has proved a snare and a curse, That it ever would have been a benefit to the labouring poor was an error and a delusion. It enabled traders indeed, to make an extra profit to the amount of what the Customs duties would have been."

Stanbridge, C.E., J. C. B.

Feb. 25th, 1867.

THE BOTHWELL FIRE.

WE have received from a special correspondent, the following statement of the property burnt at this fire, with the insurances effected, and the probable loss.

Names.	Description of Property burnt.	In what Office Insured.	Amount of Insurance.	Probable Loss.
G. Carrier	Block of offices, (including Bank)	"Niagara District Mutual"	$1000	$800
Do. do	Billiard Hall	Do. do. do.	500	250
Do. do	4 Billiard Tables	Do. do. do.	1600	......
J. S. Young	Boarding House	Do. do. do.	460	200
C. W. Carroll	"Carroll House" (hotel)	North American, Hartford Hope Insurance Co., Providence	1500 Am. Cy. 1600 Am. Cy.	1000 gold
Albert Thayer	"Martin House" (hotel)	Enterprise Co., Cincinnati Excelsior Co., N. Y. Fulton Insurance Co., N. Y.	2000 Am. Cy. 1000 Am. Cy. 2000 Am. Cy.	1000
Albert Thayer	Stables	Fulton	1150 Am. Cy.	250
—Freeman	Billiard Hall	......	1700	......
Do.	2 Billiard Tables	......	800	......
C. D. Reynolds	Dwelling Furniture	Home & Colonial "	1400 101	600
Oil Exchange Co.	"Oil Exchange" building	......	2000	2000
Benson & Gatling	Offices	......	1200	600
"John Bright Oil Co."	Offices	......	......	2000
News Letter Printing Office	......	......	......	400

LETTERS FROM ENGLAND.
COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER AUSTRALASIAN.]

THE situation in trade remains unchanged. Money is still very plentiful, and trade very dull. A somewhat better feeling has been produced by the rejection of the tariff bill in the Senate of the United States. The absurd outbreak in Ireland has, on the other hand, rendered the stock and share markets dull. There, of course, never was any danger in the movement, but it is satisfactory to know that it is now thoroughly "stamped" out.

The bill to prevent undue speculation in bank shares, to which I referred last week, has met with very varied criticism. In the columns of the *Economist* there are two articles upon it. The one combatting objections, and approving of it. The other re-stating the objections and disapproving. In a paper which is generally so well edited as the *Economist*, such a mistake is not a little curious. Upon the whole, my opinion remains unaltered, that it is better to leave these things alone.

The attempt of the shareholders in Overend, Gurney & Co. (limited) to escape from their liability to the creditors, continues to be defeated in the law courts. The creditors are naturally exasperated, and are refusing to accept an offer which has been made to them of 20s. in the pound without interest. They think that they are entitled to every penny which is due to them.

The Board of Trade returns for the year present some interesting results. The United States have ro