

Mr. Smith's remedy, we fear would be worse than the disease. A crop of disputes as to the giving of notice would be its first result, and in view of this we prefer the old-fashioned method of employing a responsible officer, whose "Act" is in itself a proof that the formalities of the law have been complied with. But the proposed reform affects a safeguard which is eminently just and equitable, as are most of the customs which have grown up with the business of the community.

The drawer of a bill of exchange, or the endorser of a promissory note, is a surety, and that there should be precise conditions to govern his discharge from that responsibility is almost an absolute necessity in modern commerce. A surety is only responsible if his principal make default. If endorsers can be held responsible in this capacity without notice of the default it puts upon business men a very serious burden indeed, and one which will hamper the free use of instruments of credit, by means of which modern commerce is carried on. It may be said that they take this on themselves voluntarily, but the favor with which the law regards sureties commends itself to the judgment of every man of experience, and it should least of all be curtailed with regard to bills and notes, which are the wheels of commerce.

We think it unlikely that Parliament will tamper with this section of the Law-Merchant, merely to save a few careless or impecunious debtors the costs of a protest. Apart from its general effect, the influence of such a Bill upon the business of Notaries in this Province would be rather serious, and we should not be surprised to find them up in arms against it, unless indeed Mr. Smyth's Bill, like some other mischievous enactments, should be passed through, because it has escaped the attention of practical members as well as of the public.

HARBOR COMMISSIONERS' REPORT.

The president's report to the annual meeting of the Harbor Commissioners on the 12th inst. is on the whole satisfactory. The decrease in steam tonnage was a fraction over 3 per cent, while the sail tonnage increased 9 per cent. As the ocean tonnage is largely in excess of the sail the actual decrease was 14,889 tons being $2\frac{1}{2}$ per cent less than in 1883. The decrease in income was \$8,210.27, but there was a large reduction of toll on grain between June and September which came to more than the lessened income, which was likewise materially affected by the railroad competition, which reduced the revenue from coal. The anticipations

of the year, on which we have entered, lead to the prospect of a considerable increase of tonnage. The report deals with a variety of subjects of interest, such as the railways on the wharves, the increased facilities for the grain trade by the erection of elevators by the Canadian Pacific Railway Co., the condition of the channel and the claim on the city for the repair of the revetment wall. An explanation is given as to the cause of the re-imposition of the toll on grain after September, which is in effect that the Harbor Commissioners reduced the toll between June and September to a much greater extent than the Government, and that its re-imposition was rendered necessary to meet engagements, the sacrifice of revenue having been nearly \$10,000. The report draws a comparison between the charges on grain at Glasgow and New York in favor of Montreal. The inspection of the ship channel by His Excellency the Governor General at the latter end of August seems to have been satisfactory. The Commissioners were successful in procuring the withdrawal of a Bill to incorporate the pilots between Montreal and Quebec, in the same way as the corporation of pilots at Quebec, which has certainly not worked satisfactorily. Reference was made to some by-laws for regulating the use of the new channel by those vessels only which draw more than eight feet of water, those drawing less being confined to the old channel. The report was unanimously adopted. The chairman, our esteemed fellow-citizen, Andrew Robertson, Esq., and his colleagues in the Trust are indefatigable in their attention to the important interests which have been confided to them.

BANK INSPECTION.

The propriety of giving the Finance Minister "the immediate and direct supervision of banks" was urged on the House of Commons by Mr. Casgrain, on the ground that losses had been sustained, in many instances, by shareholders, who thought proper to embark in a business which cannot be conducted without loss, and especially in periods of severe depression, such as that which prevailed during the period from 1874 to 1878. There was nothing in Mr. Casgrain's remarks to lead to the supposition that he was at all acquainted with the subject which he brought before the House. He suggested a limitation to the borrowing powers of directors. His restriction would simply have the effect that bank directors engaged in business would be compelled to keep their accounts with other banks than their own, which would

probably be anything but advantageous to the bank of which they were directors. The losses sustained by banks have not to any great extent been incurred by the insolvency of directors. Mr. Ives proposed to compel the directors of banks to dispose of all moveable and chattel property held as collateral security within a limited time. Surely the directors may be trusted to make all they can out of assets in their possession. Sir John Macdonald and Mr. Blake and Sir Richard Cartwright all favored an amendment of the Banking Act, so as to provide for the more severe punishment of frauds in bank management.

The subject is one of great difficulty. Probably the most efficient check on mismanagement would be a severe punishment on a manager, cashier or other officer who should conceal any transaction in which he should engage, from the directors. It will be found, if we are not mistaken, that many of the disasters which have occurred have been owing to concealment, which has not always been owing to any evil intention. As a matter of fact, it is simply impossible for any bank to pass through a severe commercial crisis without incurring losses, and it is notorious that such losses are sustained by every bank, and that no one thinks of holding the directors personally responsible for such losses. It is when the losses amount to so large a sum that the bank is compelled, either to ask permission to reduce its capital, or to go into liquidation, that the shareholders begin to realize that they have been engaged in a business, in which losses occur, and they then seldom make an impartial enquiry into the causes of the disaster. In the case of the Exchange Bank, the collapse of which has caused a greater proportionate amount of loss than any other that has taken place since confederation, the losses were caused, it may be safely affirmed, solely owing to concealment from the directors. The chief executive officer lost his head completely, during the period of inflation, when there was a boom, as it was called, which he doubtless believed would last. He entered into all kinds of speculations with the money of the bank but on his personal account, and for his own benefit, paid high interest to depositors, who transferred in some cases money from the Bank of Montreal to the Exchange to get increased interest, and are now very indignant at the consequence of their own stupidity. It would be wise for those, who have to deal with the question, to sift the causes which have led to the disasters which have taken place, and to apply an efficacious remedy. We are