

which the article in question is calculated to occasion, by inserting this letter in your next issue.

Yours, &c.,

J. H. Blunn,

Chaplain and Naval Instructor Royal Navy.

Montreal, Sept. 29th, 1879.

The Rev. Chaplain's letter, to which I have given all possible prominence, should have been handed to the Musical Editor of this journal, who is alone responsible for the remarks under the heading "Musical," and I dare say he will deal with this matter next week, giving the reason he had for uttering such strictures upon the sailor singers. Mr. Blunn's letter makes it perfectly clear that his shipmates have only been singing in Montreal from pure good-heartedness, but he must be prepared to make some allowance for the very natural pique professionals feel when they see that the effort to get up first-concerts rarely commands anything that approximates to success, while third-rate singing draws a crowd.

SIR,—Your correspondent "Lex" perhaps ought to be informed that the Toronto school-teacher who committed the assault on a girl to which he refers was fined \$3.50 by the Police Magistrate. The School Board, however, after a good deal of discussion for and against, retained him in his situation. It would, probably, therefore be justifiable for "Lex" to conclude that a male teacher cannot flog a girl without becoming amenable to law; and also that public opinion here has not yet developed gentleness and purity enough to so reverence women that it cannot still condone insult and authoritative abuse of power in teacher or parent. It is a luxury to observe that in the older countries a higher tone prevails, as evidenced in the proofs which "Lex" supplies. These seem to indicate that the rights of children, as well as the rights of women, are beginning to be recognized. Will he accept the thanks of

Toronto, 29th Sept., 1879.

An Old Boy?

The Directors of the City of Glasgow Bank have been released from confinement, a mitigation of their sentence having been procured through the intervention of influential friends. The news of their release had obtained publicity, and in consequence a crowd had gathered in front of the prison, and on the appearance of the released prisoners they were received with expressions of disgust from the populace. It was with difficulty they were saved from personal violence. The release of these men cannot but be regarded as a gross failure of justice; the flagrant violation of the trust reposed in them, and the widespread loss and misery attendant upon their misdeeds rendered it imperative that an example should be made of them, and a very universal feeling of disappointment will arise at their escape from a longer term of punishment.

In the letters of Mr. Cobden to Mme. Salis-Schwabe, just published, Mr. Cobden writes:—"You know the story goes that the young Prince Frederick of Prussia is going to marry the Princess Royal. I dined alone a few days ago with Mr. Buchanan, the American Minister, who himself had dined the evening before at the Queen's table, where he was placed next the Princess Royal. He is enchanted with her; he finds her the most charming young girl he has ever seen, animated and witty, full of gaiety, 'with a good head and a heart as big as a mountain.' These are his own words. Colonel Fitzmayer also dined at the Palace last week, and in describing the party he tells me that the Princess when she smiled seemed to light up the whole assembly with her smile. I find then that this Prince of Prussia is in luck, and I hope that he will turn out to be a good husband; otherwise, though I am a man of peace, I will make a *casus belli* of it."

EDITOR.

BANK MANAGEMENT.

Judging from the recent comments of the Press, a very wide difference of opinion prevails as to the responsibility of directors for the practical management of banking institutions. The question is one of great importance and interest, and it would be well if some competent authority would tell us what are the accepted doctrines on the subject. The one who shall set himself to find these out will have a considerable amount of work upon his hands, for all the doctors disagree.

The *Monetary Times*, of Toronto, a paper which ought to have influence when discussing such matters, has been very severe in its censure of the late President of the Consolidated Bank for his gross

neglect and want of a proper sense of the responsibility of his position. But it is evident that, rightly or wrongly, the President did not consider it his duty to supervise the General Manager, on whom the responsibility mainly devolved. A great deal of wrath has been expended upon the unfortunate head of Sir Francis Hincks for this sin of omission, but it is worth remembering, as a significant fact, that in two recent instances when heavy losses were sustained by the shareholders of banks strong condemnation was meted out to the presidents for interfering too much with the management. We have recently had the most fearful calamity that ever occurred to shareholders in the history of banking in the case of the Glasgow Bank, and the direct cause of that enormous failure in honesty was due to the fact that the directors used the funds of the Bank for their own purposes. They managed the Manager and the affairs of the Bank.

Experience does not justify the conclusion that the fact of Managers being shareholders is sufficient to ensure a prudent conduct of the business. Even in the case of private banks in England, where the entire capital has been owned by a few partners, there has been no security against mismanagement, although the losses, as a rule, have fallen on the creditors of the bank, instead of on the partners. It is, perhaps, unfortunate that the general stability of Canadian banks, with rare exceptions, has led investors to overlook the fact that they are trading corporations, and like all other trading companies, are liable to loss from misfortune or mismanagement. It is certain, however, that the temptation of high interest for money has led a great number of ordinarily prudent persons to invest in bank stocks who would have shrunk from the responsibility of investing their money in railroad, telegraph, or steamboat stock, or in the different manufacturing concerns of which we have too many. In all joint stock companies there must be a General Manager, who must of necessity have great power and responsibility. The question is, what is the most effectual check to mismanagement? Of course there are various kinds of mismanagement and various degrees of crime in that direction. Let it be assumed, for instance, that with regard to the recent heavy losses sustained by the Consolidated Bank, the President and Directors had been fully consulted by the Manager, and had consented to all his loans; in such a case, although the Manager would still be highly culpable, the President and Directors would be still more guilty, although the loss would have fallen equally on the shareholders. Nothing can be more improbable than that any board of directors would lend itself to such a reckless policy as that under consideration.

The question is, What is the best possible check on the General Manager? The most trustworthy authorities in the matter give it as their opinion that a bank ought not to be managed by the President or the Directors, or by both working together; for they are an Advisory Board from whom no business of importance should be concealed. The check which has been found most efficient by all our leading banks has been that of Inspection by a competent officer subordinate to the General Manager. The difficulty with the Consolidated arose partly, if not mainly, from the fact that there was no local manager for the Montreal office, and that it was not subject to Inspection like all the other offices. Had such an arrangement been adopted—as is the case at the Bank of Montreal—such a disaster as that which happened to the Consolidated Bank would hardly have been possible, because systematic concealment would have been impossible.

But even in the case of Inspection it is as well to remember that there were strong complaints made by a Bank Inspector not long ago that he could not get access to the Board of Directors, but was placed absolutely under the General Manager to carry out his policy and do his will without question. There has been talk of Inspectors or Auditors appointed by the shareholders and responsible immediately to them; and talk of Government Inspectors; but on the whole case it is evident that it is impossible to devise any system of check which will be sufficient to guard against the errors or crimes of those who are placed in situations of great trust. By prudent watchfulness and the erection of all possible safeguards we may minimise the inevitable risk attending investment in bank stock; but after all, we shall have to fall back upon and trust to the old idea of individual honesty. We cannot legislate so as to make absolute provision against the incapable or the dishonest.