

The Commercial

WINNIPEG, MARCH 6, 1893.

ENDORISING NOTES.

The evil of endorsing paper to accommodate a friend, has again been illustrated in the case of Governor McKinley, of Ohio. The governor endorsed paper freely for a friend in whom he placed the utmost confidence, and to whom he was indebted for political favors. Now his evil day has come, and the governor finds himself suddenly called upon to meet over \$100,000 of paper which bears his name, and which, it is needless to say, he has made no provision for. Now it appears that the noted apostle of protection is not a wealthy man, and by turning over his entire property he is still unable to satisfy this unlooked for liability. Like an honorable and energetic man he is, however, endeavoring to make the best of a bad situation. He has assigned his entire property, and announces that he will give up politics and return to the practice of his profession, in the hope that he may be able in time to pay the full amount of the claims against him, and thus protect the honor of his name. He made a serious error in assuming the liabilities, but he is doing his best to meet them. This is the only honorable course open to him, though it is different from what many men would do under similar circumstances. Many men placed in this position would pay only what they were compelled to, and if they could withhold a portion of their estates, they would eagerly do so. They would look upon the liability as one which they were legally but not morally bound to meet. When a man endorses a note to accommodate a friend, he pledges his credit and his honor just as much as if the note were for value actually received. The money or other property advanced upon the security of a note, is obtained through the joint signatures. To endeavor to avoid payment of such liability, is simply to seek to perpetrate fraud upon the parties who accepted the note in good faith. They accepted the note without inquiry as to the motive for the endorsement. That was none of their business. It is therefore no excuse to seek to avoid payment on the ground that the endorsement was given for accommodation.

The error of Governor McKinley is only another of many similar mistakes made by business men. Some most careful and prudent men have made the same mistake. It is no doubt hard to refuse such accommodation to a friend who is apparently quite able to meet the liability. He merely asks you to add your name to a piece of paper, and you certainly will never be called upon to pay a cent. This is always the way the matter is presented, but it is not the way it should be looked at.

A business man should place his signature upon a note only under one condition, and that is, that he will be prepared to meet the liability without embarrassing himself or his creditors. If he can do this, then he may undertake to assist his friend. But under no other condition should he assume any such liability. If he can enter the liability in his

bills payable, with every confidence that he will be able to meet the note without embarrassment, should he be called upon to do so, then it is optional with him to assist a friend. This is the only reasonable way to look at the matter. The full responsibility of the matter should be accepted the same as if the note were entirely his own.

But even when a man is at the time quite able to meet the liability incurred, the prudent business man will hesitate before assuming obligations of this class. By endorsing a note for accommodation he establishes a bad precedent for his own future action. It is better not to have such a precedent to influence the future. Besides this, the world is full of reverses, and a reverse may come when least expected. In the event of misfortunes arising, it would be doubly painful to be burdened with liabilities incurred through endorsing paper to accommodate a friend.

In partnership business, it is well to have a clause inserted binding all the partners to refuse to endorse paper of this class. This places the partners of a business in a position that they can readily decline to lend their name to accommodate a friend. Under every circumstance, however, the only condition which will permit a man to assume a liability of accommodation, is as stated above, and even under this condition the prudent man will generally show wisdom in saying no.

CANADA AND THE WEST INDIES.

A pamphlet circulated from Halifax announces that it is proposed to form an association for the purpose of developing trade between Canada and the West Indies. The population of the West Indies is over 5,000,000. Their imports are large of such commodities as Canada can produce and export to advantage. Their exports include largely such articles as sugar, molasses, tobacco, etc., which we are obliged to import. So far as the natural law of exchange of products is concerned, the conditions seems favorable for a growing trade between this country and the West Indies. They require products of northern temperate latitudes, which they cannot produce at home, and we require the products of the south, which they have for export and which we cannot produce at home.

West India imports include largely such commodities as fish, lumber, grains, flour, hay and straw, potatoes and vegetables, horses, sheep, cattle, poultry, cured meats, butter, cheese, eggs, apples, canned goods, biscuits, manufactures of cereals, malt liquors, etc. In all of these products Canada should be able to compete successfully with all comers. There are some manufactures, such as boots and shoes, leather, furniture etc., in which Canadian firms and companies should be able to make a good showing in competing for West India trade. In imports Canada should take a considerable quantity of tropical fruits from the islands, in addition to sugar and molasses. Our imports of this class of fruit comes through importers in the United States, which means that we receive them at an increased cost, in comparison with direct importers.

In order to encourage this trade it is proposed

to form a joint stock co operative company or association, with limited liability to each co-operator in the sum subscribed, for which stock certificates will be issued. Subscriptions will be solicited both in Canada and the West Indies. Any profits after deducting the actual expenses of the business will be paid to shareholders, or applied to a reserve fund at the discretion of the association.

In commending the plan the circular says:

'Individual effort must remain more or less desultory in action and uncertain in results, from the fact that it requires a shipment of assorted cargoes on direct order, which can only be secured by personal canvass, and for a shipper of each particular line to send his agents to the West Indies to take orders, or for a West India shipper to send his travellers to Canada for his particular line is attended with too much individual expense, moreover the shipments of both countries should go as directly as possible into the consumers' hands after shipment. Therefore co operation will lessen the expense of conducting the trade and greatly increase the probabilities of profits.'

The promoters of the association believe they can handle \$1,000,000 worth of goods the first year, including export and import trade. Their plan of working up the trade is proposed as follows:—

"It will require a central office at Halifax or elsewhere in Canada, probably at Halifax; this being with St John the shipping and receiving port and the terminus of the steamers. A general shipping agent to attend the forwarding and receiving of goods. Two or more intelligent and pushing agents, one or more travelling in the West Indies taking orders for Canadian products and issuing instructions as to the best methods of preparing our goods for the market; also purchasing, or inducing West India producers to ship such of their articles as we can find a market for in Canada. The other agent to travel in Canada purchasing Canadian goods when required, and selling or taking orders from the Canadian trade for the West India fruits and other exports of that country. The capital, instead of being invested in plant or equipments, is readily accessible, as it will only be used to move merchandise. It is proposed to place the stock of this association at \$10 a share, so as to bring it within the scope of almost every one."

One of the difficulties of working up a trade with the West Indies is owing to the fact that the island markets are widely scattered. Another difficulty is the tropical climate. Commodities are wanted in small quantities and at frequent intervals. Except in a few staples it would be impossible to handle cargo quantities. The trade calls for assorted cargoes, covering a large number of commodities, each in rather limited quantity. This is why the projectors believe that an association to handle the trade could do much better than if left to private parties.

J. A. Chipman, of Halifax, Nova Scotia, is acting secretary for the projectors of the association, and will furnish additional information wanted.

SWINDLING IMMIGRANTS.

It is a pity that those who leave their homes in the old countries of Europe, with the hope of bettering their condition in the new world, are obliged to run the gauntlet of so many schemers, crooks and scoundrels. These people after scraping what little means they have, virtually launch out upon an ocean of un-