on the water front, Toronto, Yonge, Bay, Lorne, and York streets are cut off from the Bay, at the windmill line. The company asks the Railway Committee to sanction this proposal, and the representatives of the city protest. The Railway Committee will surely not do anything so unreasonable, even if it has the power. The company have acquired the leases made by the city to individuals, and it asks that the leases should be converted into freeholds. Under the Dominion law which gives it the right to appropriate the property which it requires for the use of its business, it may be in a position to enforce this demand. But there must be some limit to its requirements. It asks a Crown patent for a strip of water south of the windmill line to which the same remark may apply. But to shut off public streets from the water by extending the land frontage is a proposal contrary to the interests of commerce and of the city, and should not be permitted on any pretence. This demand the city is bound to oppose to the last extremity.

BAD DEBTS AND COMPROMISES.

We have a communication from a subscriber on the subject of compromises and bad debts among merchants, accompanied by a request that it should be made a text for editorial reference. The letter instances a case in which a man was compromised with at 50 cents on the dollar, "partly because he had unhappily lost so much by bad debts," and immediately sacrificed his stock at bankrupt prices, to the injury of neighboring storekeepers; whilst the estate of another retailer, whose offer of 60 cents in the dollar was refused, was wound up by an assignee and 100 cents in the dollar realized for his creditors. "What moral do you deduce from this, Mr. Editor?" asks our friend; and our reply is we deduce the moral that it is folly to go on granting compromises.

In the pregnant address of Mr. Walker, the general manager of the Bank of Commerce, the other day, that gentleman premises that the bad debts contracted by wholesale merchants in Canada are mainly due to the failure of country storekeepers. The greater number of these storekeepers depend on their trade with farmers. Then he mentions the fact that "notes of Ontario farmers for millions of dollars given to implement manufacturers are annually paid without appreciable loss." Yet while this is the case, "our country storekeepers carry the book debts of farmers year after year, and numbers of these storekeepers fail owing alone to inability to make collections. I am aware that it is not anything like as easy for a storekeeper to collect his debts as it is for the farmer's other creditors, but this is surely to a great extent the fault of the storekeeper in not making the farmer regard his contracts with him in the same rigid manner as when a farmer gives a note for a binder or a waggon."

But can the storekeeper be put on the same plane as the manufacturer, who retains a lien on the machine he sells? Doubtless, with the most of the country storekeepers, this wretched fashion of indiscriminate credit, and a go-as-you-please sort of loose "limit" in the matter of time to pay in, is partly a matter of inherited habit and partly arises from the fear that B, C, or D, the neighboring storekeepers—of whom there are plenty—will get the farmer's trade if A refuses to credit him freely. But the farmer should not be saddled with all the blame in the matter of excessive credits. We could instance a case in which, when a well-to-do farmer was dunned very hard by a merchant for payment of his long-standing account, a neighbor merchant, in order to get his business, advanced the farmer money to pay off Shopkeeper No. 1, and then went on giving credit *more* freely than the other man. The artisan, and even the man of means, take large and long credit when they can get it, and cause much inconvenience to the storekeeper thereby. Why then does the storekeeper permit it? Or why does he not take negotiable notes? Such questions as these may well be debated at the Hamilton Merchants' Convention.

THE FEDERAL BANK.

By the fiat of the shareholders, made known at the annual meeting, the entire relations between the Federal Bank and the Commercial Loan and Stock Company will become the subject of legal enquiry. No other decision could, under the circumstances, have been come to. The majority of shares in favor of full legal investigation was 5,000. The proposal to appoint a committee of enquiry was very properly voted down. Hon. Frank Smith said his object in desiring investigation was to see the other directors made a party to the suit, if a suit were decided upon. The point is one of great importance, and would carry inquiries of this nature very far; for if it were once held that all bank directors who had sanctioned indirect loans on the stock were liable for the consequent losses, an increasing number of reclamations would be made. Mr. Smith's suggestion was passed over; indeed some of the other directors had done what they could specially to guard themselves against action of this kind.

It happens singularly enough that certain directors of the Federal Bank had put on record a memorandum affirming that they were unaware of the heaviest of the loans made by the Commercial Loan Company to brokers. It is in these words: (EXTRACT FROM BOARD MINUTES—JAN. 27TH, 1885.)

"*Resolved*, that the General Manager be instructed to record the under-noted minute, viz., That the following directors desire to have a minute on the books of the bank that they were not cognizant of the loans made by the Commercial Loan and Stock Company to H. S. Strathy $206,188, and Mrs. McKellar $213,771, on Federal Bank stock, nor were they aware of the purchase of 1,247 shares of the Federal Bank stock ($183,681) by said Commercial Loan and Stock Company.

"(Signed,) W. Galbraith, J. S. Playfair, E. Gurney, G. W. Torrance."

The declaration is remarkable; but we must meanwhile accept the stat ment that these gentlemen did not know the particular facts in the exactness of detail to which they refer; yet it is difficult to understand that they did not know that the bank was making advances on its own stock through the Commercial Loan and Stock Company, nor is it certain that they intend their minute to be read as going to that extent. When this entry came to the knowledge of Mr. Hammond, and Mr. John Hoskin, two of the liquidators, the latter assured the shareholders, they felt it their duty to take legal advice which led to the determination to bring suit against Mr. Nordheimer. In this way we get at the origin of the suit. It was not made quite plain whether it was the concealment alleged or the nature and extent of the loans that led the two liquidators to seek legal advice as to their duty in the premises. We take it that their duty would have been the same if all the directors had been cognizant of these loans, knowledge of which four of them disclaim, only that perhaps action would have had to be taken against them as well as against Mr. Nordheimer.

The details of the transactions between the bank and the company will of course all come out in the course of the suit. Meanwhile Mr. Nordheimer, who was on the defensive before the shareholders, said that the $206,000 which stood against Mr. Strathy was accounted for by an assumption of stock by the bank at a time when, if thrown on the market, the effect would have been to knock the price down. Was there ever a time when this result might not have been expected? Buying its own stock with its own funds is a curious way for a bank to make money. Yet this is what these astute financiers were doing, through the intermediary of the Loan and Stock Company. And for this purpose, as Mr. Hoskin told the shareholders, the bank at one time granted to the company an overdraft of $1,250,000. Such a disclosure naturally created a sensation among the astonished auditors. In presence of such supreme folly, the management of the Central Bank becomes wisdom if not purity itself. All this was done in the face of the law which forbids, and properly forbids, a bank to loan a dollar on its own stock. The result was, as might have been expected, heavy loss to the bank.

The shareholders were not concerned with the heavy losses which this system of puffing caused to the public, the innocent purchasers who thought that the high figure at which the stock sold was the fair market price, a natural result of the law of supply and demand. Looked at from this point of view, we do not care to characterize the transactions between the bank and the Commercial Loan and Stock Company. What was the object in this puffing of the stock? Obviously and admittedly, to raise the price. To raise the price for whose benefit? For the benefit of the holders and manipulators. So far as the public fell into the snare, so far as it purchased stock at the abnormal figures reached by a wild use of the bank's own money, it suffered loss caused by the deception which was deliberate, if not in the nature of a conspiracy. Lawyers were found to assure Mr. Nordheimer that it was perfectly legal to lend indirectly the money of the bank on the security of its own stock, though the law says, in the plainest