British chancery procedure in a memorable novel. Old Krook, the grotesque rag-and-bottle man of Lincoln's Inn, is made to say, in Bleak House: "There's no great odds between my noble and learned brother and myself. They call me Lord Chancellor and my shop chancery, and we both of us grub on in a muddle." The expression does not seem a whit too strong to characterize the procedure of this Quebec court. Any one who has read the account of the trial in the columns of the Huntingdon *Gleaner* will agree with us that steps cannot too soon be taken to avert the waste of public time and public money that such antiquated legal machinery implies.

MUNICIPAL LIABILITY.

We ask the attention of municipal officers to the terms of a decision rendered quite lately by the Supreme Court of New York State in a case against the village of Keeseville, in that State. After describing the two kinds of powers possessed by municipal corporations—one governmental and public, the other corporate or private—the judgment reminds us that as to its corporate powers and duties a municipality is regarded as a legal entity, responsible for its omission to perform its corporate duties to the same extent as a natural person. "Supplying water by municipal corporations is not a public function, it is purely a matter of private business, it is a local matter, exclusively for the benefit of a village, the general public has no interest in it. The defendant receives rent for supplying water. It has control over all the water works employes." * * * Having assumed control of the works and accepted the authority granted, "it became responsible for the proper exercise of such powers."

Discussing the arguments used in the court below as to the burdens thrown on towns and villages by holding them responsible in damages in cases like the present, the Appeal Court thinks it "going too far to hold that where a municipal corporation receives money for the support of its waterworks that it shall in no case be held liable for damages resulting from employing incompetent men or for negligently permitting its waterworks, mains and pipes to become and remain out of repair and unfit for service." It is to be treated, *quo ad* its corporate powers and transactions, exactly as a private person, according to this decision, and we suggest that Canadian town and village corporations take warning lest they be at any time made liable in damages for imperfect waterworks or fire-fighting appliances, just as this village of Keeseville has been held liable. We transcribe further portions of this important judgmen t:

CITIES AND VILLAGES RESPONSIBLE FOR FIRES DUE TO FAILURE OF WATER SUPPLY.

The water to be supplied by the defendant, and for which plaintiff and its assignor contributed to pay, was, amongst other things, for the purpose of extinguishing fires, and it seems to me that if a person can prove that by the wilfulness or culpable neglect of the defendant he was prevented from the use of water for such purpose whereby he has been damaged, that he established a cause for action. The function to be discharged by the waterworks is, among other things, to furnish water to extinguish fire. It is the duty of the defendant to keep them in such condition that they may discharge that function. . . .

As we have seen before, when a municipal corporation assumes or accepts powers and duties that are not public in their nature, it is to be treated in relation to those powers and duties the same as a business corporation or a natural person would be. If a business corporation or natural person had a charge for furnishing water and had accepted payment of that charge, we would consider that a contract to furnish water to a person paying, and if that business corporation, by sheer mismanagement and by negligence, had prevented the use of the water it had agreed to supply when it was most needed, the courts I think would hold such a corporation or person liable for the direct resulting damages. The defendant has gone into the water-supply business, conducted for its own benefit and not for the general public, and it would seem to legitimately follow, from the different responsibilities recognized by the courts of the State for the acts done by municipal corporations in the discharge of duties that are public in their nature and those that are only for the benefit of the particular municipality, that the defendant is liable for a breach of contract. . .

This duty and obligation the defendant, by its demurrer, admits that it failed to perform. It is sufficient to say that after a consideration of the views of the courts in the various cases referred to, it seems to me that in a case where the issue is purely one of negligence, the conclusion to which I have arrived as to this complaint is in consonance with the principles relating to municipal liability recognized by the courts of this State.

MORTGAGE LOAN COMPANIES.

The experience of Ontario loan companies for a year or two past has shown them, as a rule, that the rate of interest to be earned in their field is lowered, just as the possible earning power of money in most other directions is lessened. This has led to efforts, more or less successful, to reduce the cost of the money they borrow, both on deposit and debenture, and likewise to the discussion of possible reduction of dividends. For in addition to the lower interest rates, there is the reduced value of real property, both in town and country, to be taken into account. The argument has been heard that if such companies can no longer produce the usual dividends for shareholders by lending in Ontario, there is still the increasing field of Manitoba, where lending rates are larger, and where in 1894 payments of interest have been good. This is well enough as far as it goes, but it does not go very far. It is useless to fight against a universal tendency towards reduced interest earnings. The more prudent plan is to acknowlege the drift of the times and be prepared to reduce dividends when it is found they can no longer be earned. The pressure may be expected to come hardest upon those companies which pay the largest dividends, but these are at the same time among the oldest and have the largest accumulations to assist earnings. It seems indeed to be the policy of the loan companies generally, and it is a good one, to maintain their reserves by all means. The feeling is general, too, we believe, that the present reduced scale of earning is likely to continue, and that it would be folly to continue paying a rate of dividend that is not earned.

The report and statement of the Canada Permanent Loan Company show fully and with much clearness the character of the year's business and the position of the institution. With mortgages and other securities to the aggregate of **$11,792,000**, it has earned gross **$684,271**. After paying all expenses, municipal tax, and the dividend of **10½** per cent. on the paid capital of **$2,600,000**, there remains **$111,000** at contingent fund, as against **$104,000** the year before, the reserve fund being **$1,450,000**. It is to be noticed that this report says that "after writing off all actual as well as probable losses," the net earnings were **$284,300**. This thoroughness may be commended to some other companies. It is the true policy.

In addressing his shareholders, Mr. Mason, of the Canada Permanent, referred to the conditions of depression, which are world wide, and reminded them of the present period of stringency and decline in land values that the company had passed through, instancing the crisis of 1857. But he suggests that the normal conditions are likely to return to us. The present, he wisely says, "is a time for retrenchment, for the practice of industry and thrift, for the avoidance of all speculative expenditures, whether public or private, for adopting the most improved methods in agriculture, as well as other branches of labor, and for the legitimate development of the known resources our country is so richly endowed with."