of some of the principal cities. Regarding the examinations made by the Chicago Clearing House officers, Mr. James B. Forgan, the President of the First National Bank of Chicago, had this to say, in addressing the Michigan Bankers' Association in July, 1909: "The (regular) bank examiners go round on an average, I believe, of twice a year. In Chicago, with one examiner with five assistants, it takes fully a year to get around the banks. This shows you how much more thoroughly we go into the business than the Government does. It takes us the whole year to get around but we go in with the key so far as supervision is concerned—the key to lock the stable after the horse is gone." When a thorough system of examination like that of the Chicago Clearing House cannot, on the admission of an expert of Mr. Forgan's standing, prevent a high officer of a Chicago bank from absconding with the Bank's money, it is idle to expect the Government examinations to prevent defalcations. Every intelligent banker knows that the preventive force must reside in the bank itself. It must be there, in active working order, every day and all through the year. That is exactly what the branch system of banks makes possible. If the banking business of the United States were in the hands of some two hundred banks, each of which operated numerous branches, it would come about, in all probability, that every banking office in the country would be subjected to a scientific code of regulations, designed to prevent or handle frauds by the employees; and the manager or head of every branch would be subjected to checks, which would make it difficult, if not impossible for him to rob the bank without being at once detected.

This subject naturally leads Mr. Eckhardt to consideration of the relative efficiency of the banks' inspection systems in Canada and the United States.

It can fairly be said that owing to the existence of the branch system the inspection of the branch offices, as practised in Canada, is more thorough again than the inspection practised by the clearing houses in the large United States cities. It is so because the Canadian examiners are, like the clearing house examiners, experts in banking, and because they have a more intimate knowledge of the affairs of the offices they inspect, and a greater power and authority to correct loose practices. The bank examiner in the United States, whether employed by the Government or by the clearing house, is an outsider; and the officers and clerks of each bank he examines will be careful to keep many important details out of his ken. The inspector who overhauls the Canadian branch is in the service of the bank, and is therefore entitled to the most intimate knowledge of the affairs of the branch. He is in the confidence of the chief executive and he comes to the branch well posted as to the business done and the relations with the larger customers.

An interesting feature of Mr. Eckhardt's indictment of the single office banks is their cost, both in administration and through failures. He concludes from a series of statistics that the people of the United States may expect that each year an average of 91 banks will close their doors, locking up $31,117,433 of their depositors' funds, and that $11,780,407 of the funds so locked up will be irretrievably lost. Against these figures, Mr. Eckhardt contrasts those for Canada for the last nineteen years (the St. Stephen and Farmers' Banks are apparently not comprised in these figures) of an annual average of $649,032 locked up and an average annual loss of $168,280. "Judging by this Canadian record," he writes, "with the last ten years absolutely clear, so far as the typical branch banks are concerned, the greater part of the losses shown for the United States, so far as creditors are concerned, can fairly be placed against the system of local independent banks. Also, there are strong grounds for expecting, providing each country holds to its existing system, that the Canadian record will get fairer and fairer, while that of the United States will get darker and darker." For the reason that while the tendency in Canada is towards a reduction of the number of banks and toward further increase in the size and strength of the individual institutions, in the United States new banks are being turned out at the rate of 1,380 a year. "No fair-minded person," writes Mr. Eckhardt, "can deny that a large number of the new banks created every year are in the hands of incompetent or inexperienced men. Some are in the hands of downright rogues. What hope is there that supervision, examination or inspection can stop or reduce the practise of bad banking, the making of bad loans, when the business is kept wide open for all comers.

In an excellent chapter Mr. Eckhardt elaborates the question of the responsibility of single-office banks for panics, more particularly that of 1907, when many American country bankers not only withdrew their balances from the central cities, a course of action which, it is understood, forced the suspension of payments, but proceeded, in a great number of cases, to exact payment of all discounted paper as it matured, refusing to grant renewals or new loans. The results of this course of action are well known. In contrast to this, Mr. Eckhardt describes the 1907 policy of the Canadian banks.

When the storm came Canada was running under reduced sail. And to that happy circumstance is to be ascribed the ease with which she surmounted the crisis. It should be quite clear that such intelligent and effective preparation for a panic is only possible where the branch system prevails, for it is only through the exercise of their control over the branch managers that the professional executives are able to force industry and trade into an attitude of preparedness . . . . The efforts at resistance made by the New York bankers were largely neutralized and they were eventually forced into a suspension by the drain of cash to points in the interior where no runs existed, and where, as it turned out in the end, the cash was not needed. This drain, the New York bankers were powerless, legally, to prevent. Very different was the case of their Canadian confrères. The available cash strength of the respective banks (apart from the balances and call loans carried abroad) was concentrated at the centres—chiefly at Montreal, Toronto and Winnipeg. Suppose some scores or some hundreds of the branch managers fell into a panic and wired the head offices to send thousands or millions of dollars at once, it would not matter in the least since the general managers would not send their cash to points where it was not needed. The panic-stricken managers would be told to keep cool and to proceed with their business as usual. The cash resources under the branch system can be kept in reserve at the strategic centres and they thus preserve their force unimpaired. The general in command has his forces well in hand; he also has full intelligence of and a clear view over the field of war; and he hurries support wherever it is needed. The United States position is as if a general had assembled a large army to meet an adversary of equal or greater strength, but on the eve of battle he is required to send away half or two-thirds of his whole force in a hundred small detachments, for the purpose of garrisoning a hundred small towns not threatened at all by the enemy. It is not to be wondered at that he meets disaster in every great struggle.

Mr. Eckhardt covers his field thoroughly. He discusses Wall Street's domination, the currency question, how a change to branch banking in the United States might be effected, savings bank business, the question of a fixed legal reserve, foreign trade and international standing as it is affected by the banking system of the country, and the banking business of the Treasury. Three excellent chapters are devoted to a description of the operations of hypothetical branch banks in the Eastern and Western States respectively. As a contribution to the discussion of United States monetary affairs, the book is both suggestive and informing.