

"The real source of the disease is the inefficiency of the system of audit now in force. The gentlemen appointed are too often the nominees of the Directors, even where they appear to be elected by the Shareholders, and owe their election, not so much to their skill in investigating accounts, as to their being friends of the managing officials. Not unfrequently do they take their first lesson in auditing books at the company which they are appointed to investigate.

"Nor, indeed, is it sufficient for an Auditor to be merely an honourable man, for it requires special experience to know where the hands of the "cook" may be traced in a series of accounts."

He then proposes the following plan:

"To provide, then, a sufficient bar to dishonesty, or curative to lack of principle, a Committee of two professional Inspectors should be appointed, whose duty it should be to exercise a surveillance over the Executive Committee, without interfering in the acts of management, except to report what is being done to the constituents of the Company or Shareholders. The Inspectors should not both be simply accountants: one at least should be required to possess some legal, as well as professional knowledge, of the matters pertaining to the particular class of business they are called upon to supervise. They should be required to test the accuracy of the reports from time to time submitted by the Managers; and to watch that all their measures taken are in strict accordance with the Deed of Settlement, and the objects and principles of the Society. These Inspectors should be men of fair position in life, and be adequately paid. Their tenure of office should be limited, and fresh Inspectors should be appointed—under a Rotation system—every two or three years. They should, more particularly, *not be permitted to send their clerks to do the work which they have undertaken, and for which they have been personally selected.*

Thus would they have the strongest incentive to the faithful discharge of their duties, since, by any neglect, they would not only lose the particular appointment they hold in one society, but render themselves ineligible to like offices in other institutions.

If it be objected, that in some recent notorious failures the management was intrusted to men of supposed superior position in life, we answer, that in those very instances the public were deceived by an apparently respectable Board of Directors placed over the company's officials, who, while they were not ashamed to draw large remuneration out of its funds, were yet too indolent to exercise a necessary and wholesome supervision over its affairs. This would not have occurred had there been Inspectors attached to the association, instead of a large body of Directors, who had no such special experience as would enable them to detect the irregularities that were occurring.

—We are glad to observe in the Chicago *Spectator's* announcement, that the publishers find their journal "a complete and positive success." It is edited with great ability and deserves success. We may also add that it is beautifully printed.

MINING EXTRAORDINARY.

Enterprise has, sometimes, an odd way of shewing what it can do. It is sanguine and self confident. It despises small things for its visions are golden; it sets natural laws at defiance for its spirit is unquenchable. Devious are its ways; oftentimes past finding out. Stimulated by the *auri sacra fames*, it soars on venturesome wing into the regions of imagination, and, from loftiest eyry, outstares the noonday sun. Fledglings are sorely tempted by its hair-brained feats and like Icarus of classic story dare to trust to unproven pinions on a voyage through space, and, with a like luck, end their ambitious career amid the waves of trouble.

It has been said that Canadians are not an enterprising people. If we are not, we are certainly nearing the proper standard. We have in our midst those whose eyes are full of speculation. Madoc has been worked out by promoters of companies, and though the experience gained is anything but pleasant to reflect on, it has not been lost on some individuals. There were some, however, who despised Madoc gold, whose caution prevented them from sinking their money in gold mines so near home. Although little gold has been brought from Madoc, a quantity not inconsiderable has been waylaid on its road thither. Some of those who resisted successfully the seductions of Madoc remembered this and in an unguarded moment fell victims to Nova Scotia. Although we are ready to condole with the unfortunate, we are ready to concede that a nice thing may be made by starting a company. Being in a communicative mood, we are prepared to tell how the nice thing may be made. Suppose A and B own a tract in Nova Scotia worth \$9,000. They start a company (let us call it the Honeysuckle) and stock it for \$125,000. A and B retain as proprietors and promoters half the stock, \$62,500, and sell the other half, \$62,500, at eighty cents in the dollar. Two calls of 20 per cent realize \$25,000, which A and B pocket and then make a further call of 10 per cent for working capital.

Take another case. C and D delighted with the undertaking just spoken of, determine to try their hands at forming a company.

They also journey to Nova Scotia, secure two acres worth \$2,000 and some government areas worth \$15. On their return they may bring out the Scotch Thistle Gold Mining Company of Nova Scotia—capital \$50,000. Of the 50,000 shares the promoters retain three-eighths, or 18,750, leaving 31,250 to be sold. The latter are sold at 80 cents per share, realizing \$25,000. Of this the promoters retain \$20,000 for their land and their

trouble, and generously allow \$5,000 to go as working capital. If the laws of Nova Scotia do not permit a company to obtain a charter unless its capital is \$100,000, it is an easy thing to issue 50,000 new shares and distribute them gratis among the shareholders. The only effect of this manoeuvre is to double the shareholders' liability, and as it occurs after they have been drawn into the scheme, they can only grumble a little.

By forming companies in the way indicated, it is quite possible for promoters to make considerable sums of money, and as the plan has been tried here with great success, we are justified in concluding that all Canadians are not deficient in enterprise. The promoters are rewarded, and if the shareholders are not satisfied they can tune their voices and chant in chorus the Rev. Mr. Punshon's verses:

We grasp at grains of shining dust,
But in the grasp they perish.
We put in men's applause our trust;
It cheats the hopes we cherish.

Remorse, a ghostly shadow blights
Each wreath we weave for pleasure;
But restless still we scale the heights,
Or search the mines for treasure.

BEET ROOT SUGAR.

The trade in sugar has, as all are aware, assumed large proportions. Sugar is produced now in nearly every country, and enters so largely into our social wants that it will be interesting to our readers if we can show how the trade is to be developed in the New Dominion, and not only the consumers benefited, but also several other industries encouraged, chief among which is the agricultural one. We purpose, therefore, in this article, to point out as briefly as possible the probable advantages to the Dominion of erecting factories for the manufacture of sugar from beet roots, after first having taken a slight retrospective glance at the sugar trade. In the year 1148 sugar cane was first introduced into Europe from Asia, and cultivated in Cyprus, and afterwards introduced by the Moors into Spain; but the production was very limited and the chief mode of sweetening food was with honey and syrups. In 1506 the cane was first imported into the West Indies, which, with the East Indies, supplied the European world until recently.

This trade rapidly developed itself till the time of the Continental blockade, when Napoleon sought to cripple England by obstructing her Colonial trade. In 1747 a German, named Margraaf, commenced a series of experiments on extracting sugar from different roots, especially beets; but beyond drawing the attention of the scientific world to it, nothing practical resulted. During Napoleon's reign the matter was brought