

field. Few persons in the very small places have the necessary experience to conduct a banking business, and the proper distribution of risks among a wide circle of customers can seldom be secured. It is also clear that the addition to the system of a large number of small banks renders much more difficult the task of adequate examination and supervision, which have not been any too well conducted in the past.

Bank Inspection.

Bank inspection in the United States is conducted by government inspectors. On the whole it has not met with all the success that could have been desired. It has not prevented failures; indeed it would be too much to expect it to have done so. As has been said before, inspection can do little more than check up the accounts, verify the cash on hand with the statements in the books, and act, in a general way, as a restraining influence upon unsound banking. But it is hopeless to expect examination in itself to do more than reveal fraud or unsound banking, after the mischief has been done. We must look to the training, the experience and the integrity of the bankers themselves to safeguard the banks of the nation.

That Government inspection has not accomplished the results desired is evidenced by the fact that in several centres the Clearing House Associations themselves have inaugurated an inspection system of their own, to supplement the Government work. This should be a sufficient answer to those Canadians who have found in Government inspection or supervision a panacea for all our financial ills.

National Banks, State Banks and Trust Companies.

As already stated, the national banks by no means occupy the whole field of banking in the United States. Side by side with them are the state banks and trust companies chartered under the laws of the several states.

The trust companies are as a rule simply banks of deposit, differing from state banks only in that their business is less restricted by law, and that they engage widely in investment operations. In addition there are innumerable private banking firms. Most of those which call themselves "bankers and brokers" are, as a rule, brokerage firms acting mainly as financial middlemen, and often solely as agents for speculators. Though some among them maintain a considerable deposit business, and thus are bankers in the strict sense, deposit banking tends to be confined to the incorporated banks and trust companies.