

give its officer the right to examine them, and their patrons can know only what their managers choose to tell them. The power to assess members in these companies and orders may be reserved in terms as strong as words will allow, but there has never been a device adopted strong enough to enforce payment. The only effort that has been made to collect from an unwilling member has been made by receivers of such companies. The power to assess is like the power to call "spirits from the vasty deep." They may be called many times, but in no instance have they responded.

#### PROPOSED INSPECTION OF PRIVATE BANKS.

Several failures of private bankers in Ontario have induced requests to be made to the Government for an inspection to be regularly made of all private banks. It is pointed out that the chartered banks have to make monthly returns to the Finance Minister, which are made public in the official *Gazette*, so that their condition can be ascertained by any person interested, or merely curious. The analogy which has been drawn between the furnishing these returns and the proposed system of inspection of private banks will not hold water. The parallel sought to be drawn between private and chartered banks fails also in this respect; the former enjoy no privileges conferred by Parliament, nor are they possessed of any monopoly so granted, but the chartered banks are empowered by Parliament to issue notes to the extent of \$62,000,000, in which they have a legally vested monopoly, shared only to some extent by the Government. They have also a monopoly in the use of their title as Banks. To the extent of these exclusive privileges they are endorsed by Parliament as worthy of public confidence. It is right, therefore, for Parliament to so far supervise the chartered banks as to require them to make a monthly exhibit of their condition. The private banker has no more trade privileges than any other trader; there is, therefore, no such analogy between him and a chartered banker as to call for both being placed under any form of Government supervision. Repeated demands have been made upon the Government for public inspectors being appointed to examine and report at regular intervals upon each of the chartered banks. Again and again it has been shown that such officials would be charged with an impracticable task if their inspection were so arranged as to have any value to the public, and, if it were arranged so as to be quite workable, it would be too superficial to be worth the time and cost and annoyance to bank officials. The accounts of certain English banks are annually audited to comply with the law. But those persons who are familiar with even the accounts of a large private firm, from which the extent and intricacies of those of a bank may be inferred, regard the annual audit of an English bank by an outsider as of nominal value. Those who know what it is by observation know it to be a mere

ceremonial, and sometimes very mischievous, as it engenders confidence where confidence is misplaced. Each chartered bank in Canada has an Inspector on its staff whose time is well occupied in examining the Head Office and Branch accounts and supervising the business generally. This work to be well done requires long training, expert knowledge and exceptional banking ability. To obtain a periodic inspection of each private banker's affairs would require a large staff of officers with banking experience, and even they could not judge of a banker's position unless they knew the locality and the standing of his customers. A banker's bill case might be full of promissory notes worth their face value, or worth only a fraction of it. In one case he might be a solid man of wealth and in the other an insolvent. Where are inspectors to be secured who could judge as to the real value of the private bankers' main assets as represented by discounted paper? To unravel the intricacies of his business securities so as to get to "hard pan" in valuing his assets would be well nigh impossible for a public official moving about from one bank to another all over the country. He would see the rind of the private bankers' business, but never penetrate to the core, consequently such superficial inspection would be of little value. It should not be forgotten that nearly all banking was "private" at a not remote period, and that there are no nobler names in financial annals, nor in financial circles to-day than those of many private bankers. Although the legitimacy of the private banker's business is unquestionable, and its utility in small communities undoubted, when it is honorably conducted, we should be glad to see the all-banking business of the country in the hands of the chartered banks. It is now under their control to some extent, much to the advantage of the private bankers themselves and to the welfare of their connections. Those of the note shaving variety are a scandal; they live upon the folly and thrive by the distresses of their victims, both of which they aggravate. While, however, we regard with much satisfaction the gradual absorption going on of the business of private banking by chartered banks, we are unable to see how an efficient system of inspection of private banks could be so worked as to wholly prevent occasional failures in the ranks of these institutions. It is not a healthy sign for frequent appeals to be made to the Government to protect persons from evil consequences which they might avert by exercising more discretion. Those Canadians who have money to deposit are thoroughly acquainted with the absolute safety of our chartered banks. They have no reason whatever to regard any private bank comparable in safety with a chartered one. If, therefore, those who have money to deposit chose to place it in a private bank, respecting the safety of which they have no certain knowledge, rather than confide to a chartered bank, which they know to be absolutely safe, they must accept the consequences, and they have no claim whatever upon the Government for protection against their own wilful preference of the unknown to the known.