

3 GEORGE V., A. 1913

unprincipled and incompetent bank managers and directors can be transformed into efficient specimens of their kind, and the institutions they are connected with so saved.

‘But if it had been possible for an effective bureau of inspection to save the banks named from failing, would it have been a good thing for the community? I say, most emphatically, no. Death is as necessary in this world as life, and, when efficiency has gone out of an institution, in God’s name, let it die. Its place will be taken by something better. What the community wants is efficiency; and it can have that only from the powerful institutions, owing their strength to spontaneous growth from within, not to buttressing up and watching care from the outside.

‘Nature’s way of working is to obtain strength and efficiency by establishing a struggle for life, and causing the fittest, because the strongest, to survive. The *Witness* and its supporters know better. They say—let all live, good and bad, strong and weak alike, and let the community establish machinery to take charge of the incompetent and bad, and reform them, and make them competent so that they may continue to hold their position, and the weak institutions with which they are connected be kept alive, and things made pleasant all round—and damn the expense!

‘But Nature will have none of it. Strength will continue to rule till the end of time; and we shall only waste our time and energy and money by trying to make the virtually dead or dying to live.

‘The world is already suffering to a deplorable extent from its ever-growing army of non-producers, but the *Witness* still calls for more.

‘The *Witness*, I am glad to see, has a high opinion of the Bank of Nova Scotia. It is probably, for its size, the strongest bank in the country, and it deserves all the credit that it has, both for the work it has done, the position it has achieved, and for the men it has raised. But it might interest the *Witness* to know that, thirty-five years ago, that bank had an experience not unlike that of the “Ontario,” of recent date. Its manager took to speculating to an enormous extent with the bank’s money, on his own account, and caused such loss to the bank as to endanger its credit and existence. Fortunately, however, there was then, as now, no government, or outside inspection to enable the carping press and gaping public to get in their fine work; otherwise, the bank, instead of living to be a blessing to the country and a credit to all connected with it, would in all probability, have been speedily hurried to a dishonoured grave. As an example in this discussion it is well worth pondering over.’

THOS. FYSHE.

70 McTavish street, November 27, 1906.

## BANK INSPECTION.

Extract from letter by the Vice-President of the Institute of Chartered Accountants of Ontario, *Mail and Empire*, December 1, 1906:

‘The failure of the Ontario Bank has drawn special attention to the point in bank administration at which there is no watchdog—the general ledger at the head office. Here is the reservoir into which pour the streams of statements from the inspected branches, and from this source are drawn the facts and figures that present the bank’s condition monthly to the government and half-yearly to the shareholders.’

‘Outside and independent inspection and thorough audit is possible here, and it should be instituted forthwith in the interest of the public and the shareholders, and for the preservation of the deservedly high reputation that Canadian banks have achieved. The president of the Ontario Bank certified that the bank’s statements to the government and shareholders were true; the other presidents do the same thing. Does anyone believe that presidents know of their own knowledge, reached by personal checking and inspection, that the figures presented are even approximately correct? Let us continue to have the signature of the general manager to a bank’s statement; he ought to know; he is paid for knowing, and should be held to grim responsibility, but