

to have daylight let in upon it, it is not probable that they would have allowed the President, Vice-President, and a couple of directors to borrow nearly two millions and a half of dollars, for the purpose, among other things, of bulling the stock; and the losses consequent on that mad act would have been avoided. This is not the only case where losses have been made by a bank loaning on its own stock; and the transaction being illegal, would not have been entered into, if it had been liable to meet the eye and the censure of an inspector. An inspector would want to know why inordinate loans were made to directors; and another source of danger would be avoided. We believe it would be possible to point to an instance, in one of the Maritime Provinces, where one bank, if not two, was started solely for the accommodation of an individual or a firm. If there had been a public inspector, this remarkable enterprise would not have been set on foot; and the bank, even if started, would not have lent an amount equal to twice its whole capital to one of its directors. Things like this, which are wrong in themselves, and full of danger, nearly always have a bad ending. To have prevented them by a public inspection would have been beneficial, not only to the shareholders, but also to the individuals exceptionally favoured, because the foredoomed failure of their speculations involved them in ruin, and it is much, if to ruin is not added disgrace.

Where government bank inspection is once tried, it is not likely to be abandoned. The Inspection Laws of the State of New York, before very imperfect, were amended last session of the Legislature; and the new law went into force on the 11th May last. Under the old law, there was no regular periodical inspection of the State banks; the Superintendent of the banking department having power to order an inspection only in case a bank was supposed to have sent in a false return, or believed to be in an unsound condition. Under these circumstances, the rumor that a bank was under inspection, was detrimental to its credit, and it was liable to suffer unjustly; but under the new law regular periodical examinations of all the State banks will be made, as a matter of course. Under our law, the Minister of Finance can call for a special report of any bank; but if the object of asking the report were to check a return, it would not be attained, since the report would be made by the same parties that had made the return.

What is needed is an independent report by a public officer, who can have nothing to conceal. "It has been demonstrated by experience," says *Rhodes' Journal of Banking*, "that there can be no surer test of the financial condition and official management of a moneyed corporation, than is found in thorough examinations, conducted by competent and disinterested examiners. . . . With regular examinations, supervision can do more than supervise. It can protect." For proof of this statement the writer points to the salutary effect of the regular inspection of the Savings Banks of the State of New York, commenced in 1872. The causes of previous severe losses have been stopped, the sickly concerns have been weeded out,

and the survivors enjoy the largest measure of public confidence. "The loss through Savings' Banks," says *Rhodes' Journal*, "was the result of acts done before the system of supervision was perfected as it is to-day. And while there will be failures, in the future, there will be no disastrous ones." An inspection of Savings' Banks is as necessary as an inspection of banks of issue and discount.

"A Practical Banker," contributes an article on the same subject. "Who is it," he asks, "that defaults? Is it the new man just come into the bank? Is it the suspected man, or the man of questionable habits, the open and notorious evil liver? Sometimes it is, to be sure, but much oftener it is the old and tried, but trusted officer of the bank. And how often is religion called in to stand sponsor for rascality?" The writer then pictures the great piles of money and securities, the temptation and the fall, followed by exclamations of surprise and wonder. But, he says, and here the reference is rather to the duties of directors, "if that man's accounts had been examined monthly, or at least every quarter day, as they should have been, the temptation, most likely, would never have come." And "A Practical Banker" proceeds to read a lesson on the duties of directors from another stand point. "The directors are the representatives of their fellow shareholders. Many of these shareholders are persons living entirely apart from the commercial world. Some are widows or minors. Others are not even residents of the State where the bank is located. They have no means of informing themselves personally as to the condition of the corporation of which they are part owners, and for which, in case of a National Bank, they are partly responsible. They are compelled by sheer force of circumstances to trust entirely to the faithfulness and honor of the Board of Directors. And little satisfaction is it, when anything goes amiss, to have the directors remark, 'We never thought it worth while to examine the accounts.' We are assured that the Directors of the Bank of Ireland examine the books once every week; and no director of a bank can properly acquit himself of his responsibility, unless he is personally aware of what is going on in the bank.

An official inspection of the banks would, in time, greatly lighten the weight of the directors' responsibility. Risky things, which ought not to be done, would be avoided; things done in breach of the law, always dangerous and discreditable, would be done no longer. Banks would avoid one of the greatest of all dangers, loaning on their own stock. Some directors might have to forego some share of the indulgence they now enjoy; but in the end they would be happier, and probably none the poorer for it. Government inspection would not bring about the millenium, but it would be a safeguard to the interests both of the shareholders and the public.

—According to an Ottawa despatch of 19th inst only one raft of square timber is running the slides. It belongs to the Messrs. Murray of Pembroke. The Ottawa river was never so deserted.

BANKING REVIEW.

The figures of the June bank statement will be found in condensed form below, and are compared with those for the previous month:

LIABILITIES.		
	June, 1884.	May, 1884.
Capital authorized..	\$71,896,666	\$71,896,666
Capital paid up....	61,443,897	61,783,317
Reserved Funds....	18,379,129	18,194,129
Notes in Circulation	29,654,511	28,449,049
Dominion & Provincial Gov't deposits	8,661,512	5,831,400
Deposits held to secure Government contracts and for Insurance Co's ..	488,973	477,291
Public deposits on demand	44,204,111	41,417,213
Public deposits after notice	53,239,654	54,109,469
Bank loans or deposits from other banks secured....	262,007
Bank loans or deposits from other banks unsecured...	1,123,318	1,270,279
Due other banks in Canada	1,221,669	1,813,424
Due other banks in Foreign Countries	102,819	148,385
Due other banks in Great Britain....	1,710,760	2,231,058
Other liabilities....	303,893	471,225
Total liabilities ..	\$140,973,233	\$136,218,798
ASSETS.		
Specie	\$ 6,639,773	\$ 6,940,400
Dominion notes....	10,260,875	10,768,320
Notes and cheques of other banks.....	8,042,582	4,683,088
Due from other b'ns in Canada.....	2,925,256	3,157,798
Due from other b'ns in for'gn countries	9,810,611	10,828,767
Due from other b'ns in Great Britain..	2,974,449	2,609,409
Immediately available assets.....	\$ 40,653,546	\$ 38,987,782
Dominion governm't debent. or stock..	908,549	907,549
Public sec'rit's other than Canadian....	1,751,002	1,504,164
Loans to Dominion & Prov. Gov....	7,888,433	6,089,582
Loans on stocks, bonds or debent..	12,069,196	11,960,405
Loans to municipal corporations ...	1,699,027	1,642,346
Loans to other corporations	16,177,495	15,680,815
Loans to or deposits made in other banks secured....	484,981	229,900
Loans to or deposits made in other banks unsecured..	475,433	458,527
Discounts current..	130,280,429	131,064,780
Overdue paper unsecured	1,615,556	1,591,424
Other overdue debts unsecured	161,217	121,623
Notes and debts overdue secured..	2,645,362	2,295,424
Real estate	1,122,300	1,124,921
Mortgages on real estate sold	803,318	825,022
Bank premises....	3,106,021	3,104,226
Other assets	2,023,723	1,433,501
Total assets.....	\$223,855,601	\$218,972,091
Average amount of specie held during the month.....	6,549,787	6,848,895
Av. Dom. notes do..	10,404,825	11,468,980
Loans to Directors or their firms	7,766,984	7,774,880

During the last month some startling developments have taken place in the banking world. An institution that has long been distinguished for *enterprise, push and boldness*, fell into discredit in a startling and sudden manner. The first note of alarm was in the rapid and continuous fall of its