

Sir Edward Clouston seemingly intimates that statistics of failures in Canada that take in the eighties are too remote. Investigating the period, 1893-1909, it is found that at the beginning there were thirty-nine banks, not under suspension, reporting to the Government; nine new banks have since commenced business, making forty-eight in all; ten have disappeared through mergers, and nine, or about nineteen per cent. of the whole, have joined the "majority," leaving at present twenty-nine banks in active operation. I say "majority" advisedly, for investigation shows that in the history of incorporated banks in British North America the list of failures exceeds in length the list of institutions active in 1909.<sup>1</sup> To claim that our present system has an effective restraining influence on bank management is to argue against the statistics, and to urge a virtue in the Bank Act that experience shows is wanting.

In respect to the claim that less than \$750,000 was lost to depositors by banks entitled to organize under the present Act, it is worthy of note that, although joint stock banking in Australia was commenced in 1816, up to the bank crisis of 1893 depositors in Australian banks had been wholly free from loss.<sup>2</sup> In that year the Australasian banking crisis culminated, with liabilities of suspended banks exceeding in volume the aggregate liabilities of all suspended companies and firms during any financial crisis that has ever occurred within the British Empire. I shall again refer to this crisis.

As early as 1875 the audit of banks was a subject of discussion in Canada. I quote from an article of that time :

1. Mr. Coulson's remarks at the annual meeting of the Bank of Toronto, January 9th, 1907, are interesting. (See appendix, page 33.)

2. Mr. Cork's paper of 1894 on the crisis of 1893: "It had been the proud boast of Australians up to this crisis that no creditor of an Australian bank had ever lost by the banks."